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CONTENTS

NOTICE TO READERS: • indicates material not disseminated in electronic form.

ALBANIA

Government Statement on Stabilization *[Tirana Radio]* 1
Kapllani Arrives in Ankara, Issues Statement *[ATA]* 4
People's Assembly Discusses Police Bill *[ATA]* 4
Shkoder Trial Suspended for Further Investigations *[ATA]* 4

BULGARIA

Kozloduy Turbo Generator Starts Up Experimentally *[Sofia Radio]* 5
EC Grants Financial Aid for Kozloduy Safety *[BTA]* 5
Financial Memorandum Detailed *[BTA]* 5
President Zhelev on Treaty With USSR; NATO *[SVOBODNE SLOVO 27 Jul]* 5
Vulkov: No Automatic Extension for USSR Treaty *[BTA]* 7
Ludzhev on 'Further' Development of Soviet Ties *[BTA]* 7
Ivan Kostov Visits Vienna, Comments on EC Aid *[BTA]* 7
Trade Union Official Warns IMF About Crisis *[BTA]* 8
Social Democratic Leader on Electoral System *[SVOBODEN NAROD 26 Jul]* 8
SDS Coordinating Council on Election Agreement *[DEMOKRATSIYA 26 Jul]* 9
Podkrepa Sets Conditions for Return to Talks *[BTA]* 9
BSDP Opposes Government Economic Policy *[BTA]* 9
Ludzhev Responds to Attacks *[BTA]* 10
Assembly Approves Constitutional Court Act *[BTA]* 10

CZECHOSLOVAKIA

Calfa on Agricultural Policy, Pithart, Kubš *[OBCANSKY DENIK 26 Jul]* 11
Trade Official Interviewed on Crude Oil Imports *[HOSPODARSKE NOVINY 29 Jul]* 11
Interior Minister on Slovak Home Guards Issue *[Prague TV]* 12
Public Against Violence Slovak Council Decision *[VEREJNOST 29 Jul]* 12
Carnogursky Munich Speech on Slovak Sovereignty *[NARODNA OBRODO 24 Jul]* 13
Pithart on German Talks, Domestic Issues *[Prague Radio]* 14

HUNGARY

Smallholder Chairman Torgyan Details Principles *[NEPSZAVA 29 Jul]* 17
Preliminary Deficit Figures Reported *[MTI]* 18
Barter Trade Agreement Signed With RSFSR *[Budapest Radio]* 18

POLAND

Walesa Meets Kolodziejczyk on Army Budget *[PAP]* 19
Electoral Commission Receives Party Applications *[PAP]* 19
Opinion Poll on Election Legislation *[Warsaw Radio]* 19
Finance Minister Balcerowicz on Foreign Debt *[Warsaw Radio]* 19
Ownership Minister Defends Privatization Program *[RZECZPOSPOLITA 29 Jul]* 22
Bochniarz Announces 'Radical' Ministry Changes *[PAP]* 22
CUP Chief Presents Economic Forecast *[PAP]* 23
Modzelewski Hits Government Economic Policy *[GAZETA ROBOTNICZA 19 Jul]* 23

ROMANIA

Prime Minister Roman Views Political Scene *[AZI]* 26
Minister Severin on Parliamentary Crisis *[ROMANIA LIBERA 26 Jul]* 27
Nastase, Moldova's Tiu Discuss Border Checkpoints *[ROMPRES]* 28
Dohotaru Regrets 'Unfavorable' Image Abroad *[ROMPRES]* 29
'Consternation' Over U.S. Congress Resolution *[ROMPRES]* 29
Price of Basic Foodstuffs Have 'Soared' *[ROMPRES]* 29

YUGOSLAVIA

Federal

Presidency Member Sees Threat of General War *[TANJUG]* 30
Government Session Discusses Economic Issues *[TANJUG]* 30

International

EC 'Advance Party' Arrives in Belgrade *[TANJUG]* 30
Mesic, EC Envoys Discuss Situation in Croatia *[TANJUG]* 30
Austria, Germany Implicated in Arms Supply *[Belgrade TV]* 31

Slovenia

Rupel Explains Independence Proposals *[TANJUG]* 31
Assembly Outlines Negotiating Position *[TANJUG]* 32
Assembly Statement on Croatia Events *[TANJUG]* 32
Slovenian Goodwill Mission's Tasks *[TANJUG]* 32

Croatia

Tudjman: War Preparations Must Continue *[TANJUG]* 33
Federal Representatives To Remain *[TANJUG]* 33
Not Enough Arms for Mobilization *[TANJUG]* 33
Accuses Serbia of Waging War *[TANJUG]* 33
Tudjman Adviser Advocates Serb Autonomy *[TANJUG]* 33
Council Stresses Defense Readiness *[Zagreb Radio]* 34
Presidency Endorses Proposal on Cease-Fire *[TANJUG]* 34
New Government; 'Militant' Ministers Replaced *[TANJUG]* 34
Opposition Criticizes Ruling Party *[TANJUG]* 35
Daily Warns About 'Tribal Stubbornness' *[TANJUG]* 35
Deployment of Interior Ministry Forces *[Zagreb Radio]* 36
Hrvatska Kostajnica 'Deserted' by Croatians *[TANJUG]* 36
Osijek Garrison Command Statement on Explosions *[TANJUG]* 36
Vukovar Garrison Command Statement on Mortar Fire *[TANJUG]* 36
Benkovac Faces 'Tense' Night With Troops *[TANJUG]* 36
Zagreb Radio Details Overnight Fighting in Dalj *[Zagreb Radio]* 36
Briefing on Sibenik 30 Jul Incident *[TANJUG]* 37
Guard in Kostajnica Reportedly Refusing Orders *[Belgrade Radio]* 37
Police Seize Malisevo, Glogovac Assemblies *[Zagreb Radio]* 37
Army's Knin Corps Restores Skradin Peace *[TANJUG]* 37
Three Explosions Reported in Titov Veles *[TANJUG]* 38
Patrol Fired on Between Marinci, Bogdanovci *[Zagreb Radio]* 38

Serbia

Zelenovic To Announce Government Reshuffle *[Belgrade Radio]* 38
Opposition Influence on Reshuffle Noted *[TANJUG]* 38
Serbian Law on Media Reported *[TANJUG]* 39
Political Problems Among Writers Noted *[TANJUG]* 39
Serbian Volunteer Camp Disarmed *[TANJUG]* 40
Military Forces Surround Kosovo Village *[Zagreb Radio]* 40

Montenegro

President Rejects Talks With Slovenia *[TANJUG]* 40

Bosnia-Hercegovina

Izetbegovic Opposes MBO's Serb-Muslim Agreement *[Sarajevo Radio]* 40
Talks Possible on Muslim-Serbian Accord *[TANJUG]* 41
Departure of Bosnia Jul Recruits Postponed *[TANJUG]* 41

Macedonia

Assembly Discusses National Situation *[Belgrade Radio]* 41
Assembly Leaders View Current Crisis *[TANJUG]* 42

Government Statement on Stabilization

AU2807211391 Tirana Radio Tirana Network in Albanian 1800 GMT 28 Jul 91

[Statement by the Council of Ministers issued; place and date not given]

[Text] On 25-26 July, the Council of Ministers analyzed the work done since the creation of the Government of National Stability and the country's current political and economic situation, and considered possible solutions to this serious and complex state of affairs.

The Council of Ministers observed that the political settlement for the creation of the pluralist government was a necessary and very positive step, creating conditions for a series of stabilizing measures in the political and economic spheres, which will guarantee the continuation of democratic processes in Albania. The creation of this government was welcomed by the people and aroused hope among them for a solution to the critical situation. There was an immediate and positive response to this political settlement among the international community, which was reflected in the results of the high-level visits paid by the foreign ministers of Italy, Germany, and the United States, the deputy chairman of the EEC Commission, and others. Albania's admission to the CSCE was an event of historic importance that paves the way for our country's integration into Europe. The government's active work to immediately extend political and economic relations with other countries and international economic and financial institutions and organizations is an expression of an open and unprejudiced foreign policy. This new policy creates major opportunities for the country's broad involvement in the international community on equal terms, a necessary condition for the successful accomplishment of the major political, economic, and social changes now being carried out in our country.

Despite this, the situation at home remains. Economic and financial indicators are falling. Industrial production is below 50 percent, mainly because of shortages of not only imported but also domestic raw materials. A large proportion of production capacity lies idle in most branches of the economy, while workers are still being paid 80 percent of their wages, without working.

The situation in the countryside is dramatic. It has been exacerbated by irresponsible behavior in the distribution of land and livestock, damage to and illegal seizure of agricultural and animal products, stagnation and paralysis in the agricultural enterprises, tractor stations, and irrigation enterprises, not to mention the vandalism that has led to the destruction of water utilities in many rural and other inhabited areas.

The supply of the market with seasonal agricultural and dairy products is poor, which has led to speculation in the market prices of these goods.

This situation in industrial and agricultural production has led to a deterioration in the hard currency balance of payments and the state budget. Only 22 percent of exports and 33 percent of imports have been fulfilled, which has led to a deficit of $343 million in the first six months of this year, a tendency which is continuing. This has also led to a decline in the country's creditworthiness in foreign banks.

The situation in the country has also been further exacerbated by the lack of calm and order because of serious violations of the law, rising crime, and the appropriation and destruction of common property. These matters have not been properly dealt with by the public order and border organizations, the fraud squad, and customs officials, who have also lacked the support of state organs and public opinion. During this period, in accordance with its stabilization program, the government has concentrated its work in the following main directions:

1. Ending the general strike that paralyzed the economy and public life. This was achieved through intensive discussion with representatives of the trade unions and working people, until an agreement was reached with all the trade union groups. The government committed itself to wage increases and the phased fulfillment of a number of demands relating to working and living conditions. The government approved the relevant decisions, which started to come into effect at the start of this month.

2. Ensuring aid and credit to guarantee the necessary quantities of staple foodstuffs under the conditions of a marked fall in domestic production. Through aid and credit supplied by Italy, Turkey, Greece, the EEC, the United States, Saudi Arabia, and others, it has become possible to secure for the people bread, sugar, oil, rice, meat, cheese, butter, powdered milk, etc., in quantities which will guarantee current levels of consumption for the present and the immediate future.

3. The reform of the local state authorities, transforming them into pluralist bodies with broad political support, to ensure the operation of the rule of law at all levels. In cooperation with all political parties, the government committed itself to and achieved this within a short period. Now the pluralist composition of the central government is reflected in pluralist local authorities.

4. The preparation of new and up-to-date legislation, which paved the way for and supported the radical political and economic changes and ensured the basis for the operation of the rule of law. The Land Law and other decrees that ensured its enforcement and regulated economic and financial relations under the new conditions of rural reform, the laws on the maintenance of order and public peace, on the status of members of the Armed Forces, and on the National Intelligence Service were important elements in the wide-ranging package of laws and decrees that were drafted. Work is now being carried out to urgently draft the economic reform program, to be approved by the government and legislature in the next few days. This program will determine the procedure

and timetable for the restructuring and development of the economy, on the basis of a series of laws and bylaws that have been drafted or are being worked on, such as the bills on privatization, social assistance, the protection of foreign investments, and other important decisions to stabilize the economy and curb inflation.

5. Intensification of work with foreign firms, among whom an immediate growth of interest in investing has been noticed, with an insistence on fast and visible results. A series of agreements and contracts has recently been concluded in important sectors such as oil and tourism, projects in the construction industry, light industry, the food industry, etc. A range of commercial activities have started, a number of joint operations have been formed and have begun work, and the construction of some important projects will start soon.

In its work so far during a period of about one and one-half months, the government has been aware that, despite its total commitment to stabilizing the situation, it has not been able to fully set in motion [words indistinct]. It has been objectively difficult to ensure the full effectiveness of the stabilizing measures undertaken by the government in the exceptionally serious situation that has been inherited, with all the hindrances to the government's work offered by the organs of the local authorities, with hesitation, delay, and resistance on the part of bureaucratic forces to the restructuring and renewal of the ministries and other central institutions, and under the conditions of the collapse or paralysis of existing economic and organizational structures, where new methods have still not penetrated, and when a large number of laws, decrees, and guidelines, and instructions although existing formally on paper, have not been applied in this transition period. There was scope for more vigorous activity in realizing the government's program, for a faster response to various acute worries in different districts of the country, and for firmer stands on enforcing the law without concessions. Through its activity so far, the government has succeeded in creating the necessary launch pad for the thorough reform of the economy reform and for moving to a new phase of realizing its program. The further continuation of this work, which is a major historic task, faces the government and political and trade union forces with major responsibilities for themselves and the nation.

The government observes with regret that the political parties, the trade unions, and their newspapers have recently shown a lack of consistency regarding their obligations to respect social peace. In many cases, they have inexcusable and unreasonably opposed the work of the government, when they were called on to become the government's active supporters. The government does not seek to claim the right to be protected from all criticism; however, the stands of the political parties often show hints of a prelude to a new electoral campaign, which is against logic, impedes the country's stabilization process, and fails to allow the necessary time for this stabilization.

Everyone agreed that the stabilization of the country's grave economic and social situation required social peace and a series of effective measures for a transition from a centralized economy to a market economy. This cannot be achieved in a week or a month. It demands a reasonable length of time and the involvement of the whole of society in this economic renewal process. A lack of this necessary involvement is reflected in the many unreasonable demands raised by many trade unions in centers of work and production only two weeks after an agreement was reached for wage increases of between 50 and 70 percent; they have begun to demand new revisions of wages and to raise claims that would be palpably unrealizable within the foreseeable future even for a powerful economy, let alone a ravaged one.

The Council of Ministers, analyzing with a high sense of responsibility the work done so far in accordance with the stabilization program, also laid down a series of specific measures and tasks to overcome the current state of general stagnation in which the economy finds itself.

1. The government is convinced that overcoming the crisis of confidence is a necessary condition for the realization of its stabilization program. This cannot be achieved except under conditions of social peace, public calm, and total openness in the activities of the state authorities. The government will remain committed to efforts to democratize the country's life in all the laws and decrees it will draft and enact, free from all concepts, ways of thinking, and practices, that could hinder this process. It will continue to condemn anything that has created or will create privileges, malpractices, and abuses. In particular, the government will commit itself to redressing the moral, spiritual, and material sufferings that have been unjustly visited on citizens, and will secure for citizens full amnesty and rehabilitation. In all its initiatives and actions, the government will be entirely open, informing the people and public opinion of the goals and objectives of its work. The government considers that overcoming the crisis of confidence is closely related to stabilizing the food situation. This is the reason measures in this field will be one of the basic aims of the government and its bodies.

At its meeting, the government therefore set the Food Ministry concrete measures for the procurement at favorable prices of agricultural and animal products, alongside tasks for the Ministry of Foreign Economic relations in obtaining credit and contracts, for the Ministry of Trade and Tourism in better organizing the distribution of these products, etc. The measures taken for the second quarter of the year have led to the purchase on credit of 10,500 tonnes of cooking oil, 2,000 tonnes of cheese, 3,400 tonnes of powdered milk, 2,600 tonnes of meat, 8,000 tonnes of flour, 5,000 tonnes of soap, 1,000 tonnes of butter, 25 million eggs, etc. Contracted credit will also supply 100,000 tonnes of wheat, 3,000 tonnes of meat, etc. Food aid will also be obtained from other countries, including $16 million dollars' worth of oil, cheese, rice, etc. from Italy; 200,000 tonnes of wheat from the EEC; 10,000 tonnes of wheat and

3,000 tonnes of rice from the World Islamic Organization, and other aid from Canada, Austria, etc.

The government stresses again that these measures will meet the most basic needs for staple foodstuffs.

Appreciating the need for calm and for security for citizens' lives, the Council of Ministers also underlined the urgent tasks of the organs of public order in tightening discipline, sharpening vigilance, and opposing all behavior that breaches the peace and violates people's property. In support of these organs, the government decided to carry out a special analysis of their work soon.

1. The economic reform program must be implemented faster. The first step in this reform is the intensification of work on privatization. In the countryside, all measures will be taken to speedily enforce the Land Law. The State Land Commission, in cooperation with the commissions to be created in the districts before the end of September, will complete the distribution of land, which will become the peasants' property of villagers, to facilitate the punctual conclusion of the autumn sowing of all arable land.

The Council of Ministers set specific tasks for the Ministry of Agriculture, the tractor stations, and the irrigation enterprises, and to fully carry out seasonal tasks, even under the conditions of privatization in the countryside.

The private sector will be immediately expanded in the towns, first of all in the retail and service sectors, in small production units in homes etc., by stimulating interest in work and free initiative. So as not to allow this vital process to take place in a haphazard way, the government will immediately submit to the legislature a specific program, which will be carried out under the supervision of the Ministry of the Economy. For its part, the ministry will devise a clear strategy on which activities it will retain (?under its auspices), which will be revitalized by foreign capital, and which will be closed. As a necessary condition for the accomplishment of the economic reform, the government has taken all the necessary steps for our country's admission to the IMF, the World Bank, and the European Bank for Reconstruction and Development, which open the way for the unblocking of the economic situation and the granting of new credits. The steps undertaken so far give promise for the admission of our country into these bodies in September and October.

3. Work with foreign firms will be more extensive, making it easier for foreign capital to enter Albania so that the revitalization of the economy and the reactivation of the sources of our exports will become a daily reality, and getting rid of the bureaucracy and outmoded practices often encountered in our work. For this purpose, the government will immediately announce a range of preferential and incentive measures, such as a delegation of authority for the approval of joint enterprises to a lower level, a reduction in the period necessary for their approval, the establishment of preferential (?taxes), permission for foreigners to carry out private trade, the removal of restrictions on the import and sale of imported food and goods by private traders, the unhindered granting of annual Albanian entrance and exit visas for foreign businessmen, the liberalization of foreign trade, the creation of foreign investment agencies, etc. This will enable work to start on the construction of new and major projects, such as the Durres-Qafe Thane highway, tourist hotels, etc., which will help to employ new workers.

4. The full restructuring and renewal of the state apparatus in the center and at the grass roots is to be accomplished as soon as possible. Despite the work that has been done, the Council of Ministers criticized slowness in carrying out this task, particularly regarding the renewal of staff with new personnel able to work with the idea of the market economy. In its organizational work, the Council of Ministers will give priority to the immediate activation of the local pluralist authorities, giving them their proper role in solving the problems and concerns of the districts.

The Council of Ministers is convinced that it is entirely possible to stabilize the country's grave economic and political situation. This demands work and efforts on the part of the government, which will be committed to the program. The government again calls for support and a major role from the legislature and all political forces which, by remaining loyal to the consensus achieved for the support of this government, will ensure for the country not only continued social peace, without which no important achievement in the economic field can be realized, but will also create trust among the people that their work will yield fruit and that the path we are following is a clear one.

Only in such a situation will we preserve the trust now placed in us by foreign partners and the feeling that they can now invest in Albania without danger.

The Council of Ministers called on the trade unions to show their moderation and responsibility for the social and economic prosperity of the working people they represent, a prosperity that cannot in any way be ensured by making unrealistic demands of an economy that is at a very low level and at the limits of its resources. The Council of Ministers calls on the people, with their work, calm, moderation, and patience, to show themselves as they in fact are—the authors and irreplaceable representatives of aspirations for a worthy, democratic, and prosperous life. All forms of destabilizing behavior, every act that breaches the peace and disturbs the work, honest efforts, and property of the nation and the individual is a form of collective suicide, after which we will only be left with the bitter taste of alienation from the civilized world, which is waiting for us to prove with actions, not only words, that we are for a free and prosperous homeland and a cultured and united nation.

[Signed] The Council of Ministers.

Kapllani Arrives in Ankara, Issues Statement

AU3107133991 Tirana ATA in English 1032 GMT 31 Jul 91

[Text] Tirana, July 31 (ATA)—Muhamet Kapllani, Albanian foreign minister, arrived on an official visit to Turkey on July 30. In the Esenboga Airport of Ankara, the Albanian minister was received by the foreign minister of the Republic of Turkey, Safa Giray.

Present were also the ambassador of the Republic of Albania in Turkey, Nesip Kaci and Turkish ambassador in Tirana, Teoman Surenkok.

In the airport, the Turkish foreign minister told the reporters that he was glad to welcome in Turkey a delegation of the Ministry of Foreign Affairs of Albania and hopes it will contribute to the improvement of relations between our two countries. Turkey stressed that it sincerely backs up the steps of friendly Albania on the road to democracy and market economy and its endeavours to occupy the place it deserves in the international forums.

In his statement for the press, the Albanian foreign minister stressed:

My visit to Turkey is not only a confirmation of the positive stable relations between the two countries, but at the same time it expresses the will to give a fresh impetus to our fraternal ties.

Albania attaches great importances to the relations with Turkey and to the ties with it, both on the Balkan context and more widely. It is our desire that Turkey occupies a particular place in Albania's economic relations with foreign countries. I avail myself of this opportunity to express our thanks for the Turkish Government which was amongst the first to grant to Albania humanitarian aid and credits, at a very difficult period for the Albanian people. This new Albanian society provides a broader and reliable base to offer vaster prospects for the Albanian-Turkish relations of benefit to our two peoples and countries.

In honour of the Albanian delegation the Turkish foreign minister gave a dinner in "Hilton" Hotel of Ankara.

People's Assembly Discusses Police Bill

AU3107134391 Tirana ATA in English 1022 GMT 31 Jul 91

[Text] Tirana, July 31 (ATA)—On July 30 before noon, the People's Assembly resumed the examination of the draft-law "On the Police of Order," which treats of the general principles reflecting the place, role and base of activity of the police, its object, etc. Of fundamental importance is to ensure the public order and guarantee the citizens' rights and freedoms. First the deputies approved the articles, which define the police of order, as an armed executive organ, a component part of the Ministry of Public Order in the structure of the Armed Forces of the Republic of Albania. The police of order is duty bound to maintain the public order, prevent and discover criminal activity infringing upon the legal rights of the nationals and protect the state and private ownership, the interests of the economic, political and social organisations from illegal actions, etc.

Then the deputies passed onto the examination of the second chapter "The Organisation of the Police of Order," which says among other things that the police of order is built up according to the territorial administrative division of the Republic of Albania and its component forces are defined by the Council of Ministers.

In continuation of the sitting they passed on to the examination of the 3rd and 4th chapters related to the competences of the police of order and with its rights.

Shkoder Trial Suspended for Further Investigations

AU3107190991 Tirana ATA in English 1821 GMT 31 Jul 91

[Text] Tirana, July 31 (ATA)—Today on the third day of the trial on the April 2 events in Shkoder, the legal proceeding continued with ocular witnesses who have seen closely the events in the square before the Committee of the Party of Labour. During the three hours this sitting went on, 6 witnesses were questioned. Then the floor was taken by the prosecutor Viktor Thomo, who declared and demanded as follows:

Due to the fact that the former chief and former deputy chief of the General Investigator's Office have stated in the press that they have encountered hindrances in the investigation of the case, they should be called as witnesses to give explanations. In order to make clear the position and responsibility of the leaders of the PLA [Albanian Workers Party] District Committee, let us be acquainted with the instructions given in the plenum of the Central Committee of the PLA on April 1 1991. In order to determine the responsibility and stand maintained by the Presidency, we ask to get acquainted with the reports of the former minister of the interior in the Presidency and the decisions adopted on the basis of these reports. Owing to the fact that these actions cannot be (?found out) during a legal procedure, on the basis of the Article 153/I of the Code of Penal procedure, we demand that the case be sent back for accomplishment of the investigation. The hitherto investigation shows clearly that this process is incomplete. Likewise, the lawyers approved the request of the prosecutors demanding that another investigation body, not the former one, deals with the investigation of the case.

Prior to the suspension of the trial, the head of the judicial body Qazim Gjonaj announced: The judicial body listened to the requests and will formulate the announcement in written, according to the regulation, which will be given tomorrow.

Kozloduy Turbo Generator Starts Up Experimentally

AU0108080491 Sofia Khorizont Radio Network in Bulgarian 0600 GMT 1 Aug 91

[Text] Good day. The first piece of news of this broadcast is from our country. At [time indistinct] during the night of 31 July, the [word indistinct] turbo generator of the new sixth block of the Kozloduy Nuclear Power Plant successfully turned. BTA transmitted this. The agency received this information from the director of the plant, who pointed out that the turbo generator is working normally but for the time being is only running experimentally.

EC Grants Financial Aid for Kozloduy Safety

AU3107174691 Sofia BTA in English 1649 GMT 31 Jul 91

["Exclusive" report by Paul Montgomery]

[Text] Brussels, July 31 (BTA)—After meeting with European Community officials today, Deputy Prime Minister Aleksandur Tomov said that he was "optimistic" that negotiations for an association agreement between Bulgaria and the Community could begin in October or November.

Mr. Tomov was in Brussels to sign the papers with European Commissioner Frans Andriessen for 11.5 million ECU [European currency units] (13.6 million U.S. dollars) in assistance for increasing safety at the Kozloduy Nuclear Plant. The European Community is beginning an extensive programme to assure the security of the Soviet-made nuclear plants in Eastern Europe. There are four old-type reactors at Kozloduy and two newer WWER-1,000 models.

"The new criterion for Bulgaria is 'security before production,'" said Mr. Tomov after signing the agreement today. He said Bulgaria had been negotiating with two companies to improve the safety at Kozloduy and now would have money to make a contract. "I want to express the satisfaction of the Bulgarian Government with this first agreement," the deputy prime minister said.

While he was in Brussels Mr. Tomov also discussed the association talks. An association agreement with the European Community would give easier access, at lower tariffs, for Bulgarian goods to Western Europe than that allowed under the cooperation agreement signed last year.

Mr. Tomov said there was no concrete date set for the beginning of the association negotiations, but that he was sure the first steps would be taken in the autumn. "I think we are very near," said the deputy prime minister. "The place of Bulgaria is in Europe," he added. Mr. Tomov spoke exclusively with the Bulgarian Telegraph Agency after the signing.

To celebrate today's agreement, Mr. Andriessen served Taittinger French champagne to Mr. Tomov and his associates. Next time, perhaps it will be Bulgarian wine.

Financial Memorandum Detailed

AU3107183291 Sofia BTA in English 1736 GMT 31 Jul 91

[Text] Brussels, July 31 (BTA)—This afternoon Bulgaria received a grant of 11.5 million ECU [European currency units] from the European Community to improve the safety of the Kozloduy Nuclear Power Plant. Mr. Aleksandur Tomov, deputy prime minister, and Mr. Frans Andriessen, vice president of the Commission of EC, signed in Brussels a financial memorandum which makes provisions for an urgent six-month programme under which Bulgarian nuclear power generation would be rendered safe.

The programme includes the recommendations made by the International Atomic Energy Agency, a programme for action of the World Association of Nuclear Operators and active cooperation between the Kozloduy N-Plant and the N-plants of the European Community. Part of the money will go in helping along the Bulgarian nuclear safety competent authorities and in studying Bulgaria's electric power needs, their satisfaction included.

Late this afternoon Mr. Tomov went back to Paris where he is to meet Mr. Pierre Beregovoy, minister of state for the economy, finance and the budget. Tonight the Bulgarian deputy prime minister will attend a reception given in his honour by Mr. David Rothschild, president of the bank group of the same name.

President Zhelev on Treaty With USSR; NATO

AU0108103891 Prague SVOBODNE SLOVO in Czech 27 Jul 91 pp 1,4

[Interview with President Zhelyu Zhelev by Krasimir Uzunov; place and date not given: "Our Interview With President Zhelyu Zhelev of the Bulgarian Republic"]

[Text] [Uzunov] An emotional debate has been conducted in the mass media recently in connection with the forthcoming draft for the new Bulgarian-Soviet treaty. Some political forces are trying to take advantage of this issue in the preelection campaign. Mr. President, what is your opinion regarding the purpose and the necessity of concluding a new bilateral agreement?

[Zhelev] The issue of signing a new treaty has indeed become the topic of bitter debate and, perhaps, even speculation. However, before we begin to talk about a new treaty, we have to realize that the Treaty on Friendship and Mutual Assistance signed in 1967 is no longer suitable either for current conditions or for our joint interests. Both the treaty and its stipulations conform to a time that is irrefutably behind us.

Naturally, consideration is being given to the preparation and signing of the new treaty, which will—like our

treaties with other states—be mutually acceptable to both sides, be balanced, and be concluded in the spirit of the transformations taking place in both countries. It must correspond to the new statute on Bulgaria's sovereignty and it must express the country's new democratic aspect and the irrevocability of its democratic changes.

The Soviet leadership also understands the need to place our mutual relations on a legal treaty basis as well as the need to bring them into step with the present. Otherwise, our relationship would not work in view of the fact that the Soviet Union—just like us—is striving for democracy. The speed of the changes is not an issue. We are introducing a market economy into Bulgaria and this process also has to take place in the USSR. This means that our economic interests oblige us to seek a common language.

Regarding the attempts being made by the political parties and their leading personalities to win dividends from our relations with the Soviet Union and the complicated period we are living through, it is clear that such attempts will continue to be made. The reason they are doing this is just as clear. However, we all have to draw a line between state and narrow party interests and between state and party positions. No one should adopt a negative stance toward the purposeful nature of such a treaty or toward our traditional interests.

[Uzunov] Mr. President, in view of the new political reality and following the Paris summit in November 1990 and the dissolution of the Warsaw Pact, do you think that Bulgaria requires military guarantees from the Soviet Union?

[Zhelev] The issue of military guarantees and the stipulations contained in the Bulgarian-Soviet treaty started a debate in the press at home and abroad. They quoted various versions of the draft treaty and they began looking for culprits. In my opinion, it is far more important for our relationship to be on a civilized level and in the spirit of a Europe speeding toward unification. In the defense and security sphere this means that Bulgaria is relying on the collective security system in Europe, a system that is currently being established. It would be absurd for a country like Bulgaria to only rely on military guarantees from a superpower of any kind. Something similar was possible in the past when we lived in the grip of old attitudes and when, unfortunately, Brezhnev's doctrine of limited state sovereignty prevailed. The Warsaw Pact is now part of history and today we have to accept and evaluate the new reality and we have to seek paths toward the pillars of European security's new architecture—the CSCE, the Western European Union, the European Community, NATO, and the Council of Europe. We have to develop our relationship with neighboring Balkan states in conjunction with becoming part of European structures. The current unstable situation in our region teaches us that we have to thoroughly monitor the processes taking place in neighboring states and that we have to strive to increase mutual trust.

Establishing a system of multilateral guarantees for Bulgaria's national security will only be possible if we take all the operative factors into consideration. This also relates to the Army, which is the main pillar of the state's security. In this connection, unfortunately, I have to return to the subject of speculation. I am unpleasantly surprised by the speeches being made by some people in senior state functions who are still in thrall to the old attitudes absolutizing the Soviet Union's influence on our security and who evaluate our new relationship from narrow party positions.

[Uzunov] During his visit to Bulgaria, Mr. Manfred Woerner again confirmed NATO's stance—expressed in the documents from the consultative meeting in Copenhagen involving member states' foreign ministers—and its stance toward the former East European countries. What is your view of the relationship between Bulgaria and NATO on the threshold of the 21st century?

[Zhelev] The visit made by NATO Secretary General Manfred Woerner aroused a great deal of speculation about whether Bulgaria will become a member of NATO or not. However, let us be realistic. At the moment, NATO does not want to expand its borders. On the other hand, of course, the Warsaw Pact no longer exists. Therefore, perhaps the East European states feel a little uncertain, but—at the same time—they are far freer. Following the Prague meeting of the Warsaw Pact Political and Consultative Committee—the last one in its 36-year history—we are neutral and more independent. Of course, our neutrality is different from Austrian and Swiss neutrality. However, we must not view NATO as another bloc that we have to enter into. We must view it as a given European reality on which the future European security system will be based in tandem with the other extant structures. Apart from this, NATO is a structure that is also changing. Following the London declaration made by its 16 members and the Copenhagen consultative meeting and prior to the alliance's senior level meeting in November, we have reason talk about its transformation into a political and military organization. We must not forget that more than 85 percent of NATO's structures did not—even previously—have a military orientation. First and foremost, these structures were oriented toward education, ecology, and even toward culture and science.

Mr. Woerner's visit and his talks with us have highlighted ways of developing active cooperation, both with the organization as a whole and on a bilateral basis with its individual members. I think that our position in this regard does not fundamentally differ from the positions of the other East European countries and the Soviet Union. Our cooperation with NATO and its member states is not based on transferring the bloc's borders to the western borders of the Soviet Union, which is also part of Europe.

[Uzunov] Mr. President, we are witnessing unprecedented changes in Europe. Soviet Russia elected its first noncommunist president in direct elections and a number of

forecasters predict the complete restructuring of the Soviet Union, some even predict its collapse. In this connection and in connection with the preparations for a new Bulgarian-Soviet treaty, do you think it would be possible today to initiate preparations for the signing of treaties with the individual republics in the current USSR?

[Zhelev] I spoke with Soviet President Mikhail Gorbachev at the CSCE meeting in Paris. The Soviet side expressed the view that there are no obstacles to Bulgaria developing contacts with individual Soviet republics. Of course, signing the treaty between Bulgaria and the Soviet Union is of primary importance. Other relationships are a matter of further work, analyses, and weighing up specific interests. Our future contacts are dependent on developments in the Soviet Union. In relation to the very near future, I would like to state that the Soviet president has accepted our invitation to visit our country at a time convenient to him. I also invited Boris Yeltsin to visit our country in the telegram I sent congratulating him on his election as Russian president. There is an element of mutuality in our relations that provides the best guarantee for future cooperation.

Vulkov: No Automatic Extension for USSR Treaty

AU3107131591 Sofia BTA in English 1003 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—Mr. Viktor Vulkov, Bulgaria's deputy prime minister and minister of foreign affairs, says in an interview for "OTECHESTVEN VESTNIK" that all the necessary diplomatic arrangements have been made so that the Bulgarian-Soviet Treaty which expires on August 4, 1991 will not be automatically extended to August 4, 1992.

The problem of the treaty will be considered in the Committee on National Security and the Committee on Foreign Policy before being discussed in parliament on Friday. The Bulgarian Government has already presented a motion in parliament that the treaty should not be automatically renewed.

"Both sides are convinced that the nature of the 1967 treaty is out of tune with the new situation in Bulgaria and the Soviet Union and with the tendencies in the two countries' relations," Mr. Vulkov says.

According to Mr. Vulkov, the Foreign Ministries of Bulgaria and the Soviet Union will probably issue a joint declaration which will not have legal force but will make things clear.

The power to avoid the automatic extension of the Soviet-Bulgarian Treaty rests with the the Supreme Soviet of the USSR and Bulgaria's National Assembly. Mr. Vulkov says that there are some purely technical obstacles that will prevent the simultaneous adoption of this decision by the two countries' legislatures.

"Efforts should be made to sign the new Bulgarian-Soviet Treaty by August 4, 1992," Mr. Vulkov says.

Ludzhev on 'Further' Development of Soviet Ties

AU0108075391 Sofia BTA in English 2006 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—Bulgaria intends to further develop relations with the Soviet Union. The Treaty on Cooperation has not been denounced unilaterally, only the clause on its automatic renewal has been dropped, Deputy Prime Minister Dimitur Ludzhev told a news conference today.

Speculating with the national interests, certain political circles have done as much as possible to misinform the Soviet leadership that the cabinet ministers of the Union of Democratic Forces were orienting Bulgaria to the United States and were disparaging relations with the Soviet Union. This is categorically untrue, Mr. Ludzhev stated. The government will continue promoting Bulgaro-Soviet relations with a view to making them mutually advantageous. Bulgaria already has a favourable trade balance with the Soviet Union, Mr. Ludzhev said.

Ivan Kostov Visits Vienna, Comments on EC Aid

AU3107183391 Sofia BTA in English 1745 GMT 31 Jul 91

[Text] Vienna, July 31 (BTA)—Bulgaria's Finance Minister Ivan Kostov arrived here yesterday at the invitation of the Austrian side. Last night he met with Vice Chancellor Erhard Busek. Today Mr. Kostov held talks with his Austrian counterpart Ferdinand Lacina.

After the meeting, Austria's finance minister familiarized journalists with the two main subjects of the talks: an investment-guarantee agreement corresponding to Bulgaria's new liberal legislation, and the support of the G-24 for reforms in Bulgaria. Austria will participate in this programme for support with 210 million schillings. "We are convinced that Bulgaria will be our reliable partner in the future," Mr. Lacina said in conclusion.

Mr. Kostov said: "Our reform is going on a bit incognito. Western and Central Europe know less about it than about processes in Czechoslovakia and Poland." The reason is that the problem of democratization has not been solved ultimately in Bulgaria.

The G-24 has declared 800 million dollars, of which 620 million are available. Under an agreement the European Community will grant 320-330 million dollars to adjust the balance of payments, stabilize the economy and encourage export. "Figuratively speaking, I feel like a climber hanging by a rope down a mountain face. Now we are trying to gain a footing and start climbing up," Mr. Kostov said.

In connection with the Kozloduy Nuclear Power Plant Mr. Kostov said: "We fully accept the decisions taken in

Vienna for the phasing-out and overhaul of the reactors to bring them in line with international norms."

The government is convinced that it is justified to deepen the reform though privatization has not been carried out so far. This will not be possible until the party which has been ruling until now is ousted, Mr. Kostov said. He expressed his hope that the election results will allow the Union of Democratic Forces in coalition with the Agrarian Party to assume power.

Trade Union Official Warns IMF About Crisis

AU3107131291 Sofia BTA in English 0815 GMT 31 JUl 91

[Text] Sofia, July 31 (BTA)—Prof. Krustyo Petkov, president of the Bulgarian Confederation of Independent Trade Unions, has sent a letter to Mr. Michel Camdessus, managing director of the International Monetary Fund, in which he writes that in accordance with IMF recommendations the coalition go.ernment and the trade unions in Bulgaria signed an agreement before the start of the economic reform. The trade unions pledged not to take industrial action for six months. According to the government team and the foreign experts, the reform is advancing well, Prof. Petkov writes, but the problem is that they consider the reform from the point of view of monetary measures and macroeconomic proportions. In the meantime, the real incomes of the Bulgarian people have fallen by 45 to 50 percent instead of the predicted 30 percent and the proportion of the poor has gone up to 25 percent. There are no alternative employment programmes, Prof. Petkov says. Prof. Petkov stresses the fact that both the left and the extreme right political forces campaign on the present economic hardships. The left argues that the reform has taken a wrong course while the right claims that the reform has not been started at all.

The trade unions, which remain strong supporters of the reform, would like to ask the following questions: Can this risky and dangerous Bulgarian variant of economic reform go on? Is it true that the IMF is urging the Bulgarian Government to further commit itself to the economic reform while at the same time deliberately postpones the international financial aid to Bulgaria?

Prof. Petkov expresses his concern that the IMF seems to rely too much on the universal effect of monetary measures. According to Prof. Petkov, the patience of the Bulgarian people and the severe restrictive policy of the government might have reached their climax after which come social tensions, chaos and economic ruin.

Social Democratic Leader on Electoral System

AU3107170191 Sofia SVOBODEN NAROD in Bulgarian 26 Jul 91 p 1

[Interview with Petur Dertliev, chairman of Social Democratic Party, by Mariya Shakhumova, on 26 July; place not given: "The Proportional System Will Prevail"]

[Text] [Shakhumova] We will vote with a national and a regional list—this was the first thing that I found out from Dr. Petur Dertliev a few minutes after the agreement was reached among the political forces represented in the National Assembly.

[Dertliev] We adopted a proportional system based on the old okrugs. Small changes may be made: Sofia may be divided up, and small okrugs may be amalgamated. However, this will not be crucial, the agreement is based on the old okrugs.

[Shakhumova] May we be pleased with the political forces' decision?

[Dertliev] Yes, this is the system that will create the least social tension. It is the most economical and can be approved by a single legislative act.

[Shakhumova] Did the discussion go smoothly?

[Dertliev] To be frank, it was at least not difficult. The parties showed a desire to accept the arguments, to think carefully, and not to seek confrontation.

[Shakhumova] Did not the Bulgarian Socialist Party [BSP] propose a third, new version for the electoral system?

[Dertliev] Yes, they put forward an extremely original alternative but this version was a very difficult one for everyone else. They proposed 120 electoral districts, something like a majority system and quite a complicated one at that, which is favorable for those who are well-organized and well-financed.

[Shakhumova] Will it be difficult for the BSP to relinquish its proposed version?

[Dertliev] We must give them the respect due. They did accept the arguments of the others.

[Shakhumova] Do you expect that the agreement will be approved by the plenary session of the National Assembly?

[Dertliev] I think so. We have no other choice, because with the opposition in its present state, it is impossible to work in a majority electoral district containing 120-130 villages. As far as the local authority elections are concerned, the system used there will also be a proportional one. We still have to settle the question of whether the mayors should be elected directly or indirectly.

[Shakhumova] Will we again have independent candidates running?

[Dertliev] Yes. A threshold of 14 percent of the votes will probably be set for the individual parties. Talks are in progress on ways to finance the campaign and on certain other details.

[Shakhumova] It only remains for us to wish ourselves success, then?

[Dertliev] Indeed so, let us wish for success.

SDS Coordinating Council on Election Agreement

AU3107171091 Sofia DEMOKRATSIYA in Bulgarian 26 Jul 91 p 1

[DEMOKRATSIYA staff report: "The National Coordinating Council Supports Updating the Political Agreement Among the SDS Member-Organizations"]

[Text] The National Coordinating Council of the Union of Democratic Forces [SDS] advocates updating the political agreement among the Union's member-organizations.

1. The SDS National Coordinating Council supports the appeal of the SDS okrug coordinating councils and of the oblast and okrug coordinators of the SDS Central Electoral Commission, and commits itself to contribute to its implementation.

2. The SDS Coordinating Council urges all member-organizations of the union to confirm their participation in the elections with an uniform blue bulletins and a joint SDS list.

3. The SDS National Coordinating Council wishes to update the political agreement among the SDS member-organizations signed on 23 April 1990 as soon as possible. This is required by the changing political situation and by the necessity of guaranteeing equal rights and obligations of those participating in the coalition.

4. The SDS Coordinating Council calls on all non-communist organizations that are expected to participate in the elections to sign a political agreement making a commitment not to participate in a coalition with the Bulgarian Socialist Party during the election campaign. This commitment should also apply to a future government.

5. The SDS Coordinating Council wants all political forces to declare their solidarity in defending the independence and professional integrity of the mass media.

Podkrepa Sets Conditions for Return to Talks

AU3107160391 Sofia BTA in English 1510 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—The leaders of the Podkrepa Labour Confederation explained the reasons for its withdrawal from the government, trade unions, and employers Tripartite Commission [for Coordinating National Interests] yesterday and set forth their conditions for returning to it.

Podkrepa's Vice President Doncho Ivanov said that the Confederation was guided by "purely trade union and not by emotional" motives. According to Mr. Ivanov, Podkrepa had not been notified that a curtailed version of the Labour Code amendment bill has been submitted in parliament, omitting texts which had been cleared with the Tripartite Commission and which were considered important by the trade unions. Podkrepa's vice president said that the bill contains "antipopular" elements because it enshrines in the legislation a restriction on incomes. A possible passage of the amendment in this shape will be tantamount to cancelling unilaterally international conventions on labour legislation to which Bulgaria is a party, according to Mr. Doncho Ivanov.

Podkrepa mainly objects to the omission of the clause under which each trade union at a company or in a certain branch should conclude a collective employment contract with the employer. According to Podkrepa, this will establish the monopoly of the "official" amalgamation—the Confederation of Independent Trade Unions in Bulgaria (KNSB). "We will not allow the 'red trade-union chairmen' of the KNSB to represent our members' interests," Mr. Ivanov said.

Asked by the BTA, a Podkrepa expert listed the conditions under which the Confederation would return to the Tripartite Commission. Podkrepa insists that the government appoints persons in charge and schedule collective labour negotiations in the individual branches, and support the agreements on the amendment cleared with the trade unions. They also demand that Finance Minister Ivan Kostov "stops blocking the transfer of KNSB-owned real estates in the provinces for Podkrepa's needs, in fulfilment of the respective agreement reached by the Tripartite Commission." "We set great store by the demand for a written statement by Prime Minister Dimitur Popov concerning the political forces' meeting on July 16," expert Radoslav Nenov said.

Podkrepa's President Konstantin Trenchev denied attacks and deprecations levelled against the Confederation and against him by representatives of the political forces and cabinet members at the meeting. He said that "Podkrepa is not a crowd of subversive elements" and described the government's allegations as "illogical and inadequate."

BSDP Opposes Government Economic Policy

AU3107163491 Sofia BTA in English 1354 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—Today the leaders of the Bulgarian Social Democratic Party [BSDP] declared that from now on the BSDP would categorically oppose the government's economic policy.

According to the supreme leadership of the BSDP and its parliamentary group, the economic ministers of the opposition Union of Democratic Forces were actually the team of the radical Group of 39.

Deputy Prime Minister Aleksandur Tomov, Deputy Prime Minister Dimitur Ludzhev, Finance Minister Ivan Kostov, Minister of Industry, Trade and Services Ivan Pushkarov, Minister of Foreign Economic Relations Atanas Paparizov, Minister of Labour and Social

Affairs Emiliya Maslarova—they were all personally attacked for the economic policy they follow.

The six of them are implementing an economic policy which will result in absolute economic and social chaos and most probably will lead to dictatorship, Mr. Georgi Shishkov of the BSDP supreme leadership, stated today. He said that the "sinister figure" of former Socialist Prime Minister Andrey Lukanov was hovering over the group of six who were fulfilling his own programme. The sole purpose of this policy is the introduction of wild capitalism, it was pointed out.

The Social Democrats accused the radical Group of 39 of the Union of Democratic Forces and the Bulgarian Socialist Party of being proponents of this policy.

Ludzhev Responds to Attacks

AU3107202491 Sofia BTA in English 1951 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—The numerous attacks levelled at the government recently are mainly prompted by political aims and not by concern about Bulgaria, Deputy Prime Minister Dimitur Ludzhev said. The government has been working for seven months, which is a long time having in mind its coalition nature, and unlike in its first days, when enthusiasm prevailed and plans were discussed mostly as a thing of the future, now Bulgaria has signed agreements, has become a partner and received support from the international finance institutions. The international community prizes the ability of the Bulgarian nation and of the Bulgarian Government to pursue a middle-of-the-road policy and to find the necessary compromise to replace the totalitarian system and make a transition to democracy and a market economy, Deputy Prime Minister Ludzhev told a news conference today.

In connection with the most frequent criticism against the government that nothing has changed, the system has not been replaced and the reform has failed, being restricted to monetary measures, Mr. Ludzhev said these are extreme views of certain political forces which favour the market economy in words but in practice check the natural course of the processes of replacement of the system. Answering today's allegations against the government's economic team by the Social Democrats, according to whom its policy will bring the nation to ruin, Mr. Ludzhev said that the government has shouldered its responsibility and will continue to work undaunted by attacks which undoubtedly will become more numerous during the election campaign. While saying this, Mr. Ludzhev looked calm.

Mr. Ludzhev is optimistic despite the decision of the Podkrepa Labour Confederation to leave the Tripartite Commission on the Harmonization of Interests. He believes that emotions will give way to dialogue. But if Podkrepa's leaders do not return, this will be their worst choice because the reform will go on without one of its main pillars. Mr. Ludzhev said that none of the organizations—political or trade union—should deceive itself that it can lay down terms in Bulgaria.

Assembly Approves Constitutional Court Act

AU3107142991 Sofia BTA in English 1343 GMT 31 Jul 91

[Text] Sofia, July 31 (BTA)—The Constitutional Court is independent of the legislative, executive and judicial branches and is only guided by the Constitution and the Constitutional Court Act passed yesterday. This institution is new for Bulgaria, it is established under the new Constitution and guarantees the supremacy of the Constitution. It will consist of twelve judges, one-third of them elected by the National Assembly, one-third appointed by the president, and one-third elected by the General Assembly of the Judges of the Supreme Court of Appeal and the Supreme Administrative Court. The judges will have a nine years' term of office and cannot be re-elected. The staff will be renewed every three years and a chairman will be elected by secret ballot for three years.

The Constitutional Court will make mandatory interpretations of the Constitution, will settle arguments between state institutions, will pronounce itself on the consistency with the Constitution of Bulgaria's international agreements before their ratification, on the legitimacy of elections, and on disputes over the legitimacy of the elections of president and vice president.

Calfa on Agricultural Policy, Pithart, Kubat

AU3107172991 Prague OBCANSKY DENIK in Czech 26 Jul 91 p 3

["jr"-signed report: "We Asked Federal Prime Minister Marian Calfa"]

[Text] [OBCANSKY DENIK] In a way, the state has already guaranteed that agriculture will not collapse. Nevertheless, what do you think about the controversy between Prime Minister Pithart and Minister Kubat on this issue, and what do you see ahead for the agriculture sector?

[Calfa] First of all, I must say that we have already made some changes in the government since it was appointed, and there have not been any scandals. There were some changes made, subject to political negotiations and agreements because they were changes in a coalition government. Therefore, I must say that I do not consider it a very good thing for the prime minister to polemicize with a member of his government through the media.

Our government—this must be emphasized—drafted its view of an agricultural policy but we failed just as we did with others—the energy program, for instance—over the division of powers. It turned out, however, that agriculture is beyond the capability of the representatives of republic sectors. If the information I have is complete, the individual concepts of agriculture were drafted separately. The Slovak concept, for instance, is based on the idea of securing the agricultural independence of the Slovak Republic. Of course, this means an entirely different type of agriculture from the one we provided for, as far as the economic reform is concerned—it requires exceptionally large subsidies.

If we want to secure appropriate revenues for the state budget, the policy will be totally different from the one we wanted because it will bring about another redistribution again. Thus, a single idea will shape the entire image of the economic policy for a given republic. However, someone has to be taxed—but who? Moreover, this would result in different conditions in Slovakia and Bohemia, and therefore different tax policies for the two republics.

Trade Official Interviewed on Crude Oil Imports

AU3107072691 Prague HOSPODARSKE NOVINY in Czech 29 Jul 91 p 4

[Interview with Engineer Vaclav Junek, director of the Chemapol shareholding company, by Dagmar Truncova; place and date not given: "Oil Is Flowing"]

[Excerpts] [passage omitted] [Truncova] Last year the oil situation gave us a scare. What is the situation like this year?

[Junek] Last year we imported 14 million tonnes of oil but, as is known, in the first phase we were promised [by the Soviets] only half that amount for this year, which upset us very much. However, today we ask why we actually wept last year. It is apparent that this year—be it under the influence of prices or due to enterprises' different approach to economic calculations—consumption of both heating substances and asphalt declined so severely that our economy might make do with around 11 million tonnes of crude oil. [passage omitted]

This year has been relatively calm so far, mainly because the entire world oil market has been calm. Supply exceeds demand and prices have stabilized at a level that is relatively favorable for us, certainly better than forecast in various worst-case scenarios drawn up toward the end of last year. It is very important for us that, in the end, we succeeded in agreeing with the USSR on a government level on the delivery of the basic 7.5 million tonnes. Chemapol succeeded, furthermore, in agreeing with the Hungarians and the Yugoslavs on the transportation of a certain amount of crude oil through the Adria pipeline, even though the financial terms do not satisfy us. We had no other option, however. Additional quantities have been secured through some swap operations. To be specific, the USSR was to supply crude oil to Cuba. This crude oil will now be supplied by Ecuador and the USSR will deliver the respective quantity to Czechoslovakia. We will pay Ecuador.

In other words, this year Chemapol is in a position to secure for our oil refineries what they need. [passage omitted]

[Truncova] What about barter trade? The Soviet Union banned the use of raw materials in barter transactions.

[Junek] In my opinion, this ban does not apply rigidly. [passage omitted] Rather, there is a tendency to liberalize trade. Last year we agreed with the Neftemegion company on a barter deal involving 500,000 tonnes of crude oil. Of this amount, 400,000 tonnes have been imported and this year we asked, through government channels, for a permit to import the remaining 100,000 tonnes. What is more, the Soviet partner has come up with a new proposal for the second half of this year. It has offered to supply another 300,000 tonnes. We therefore once again officially requested a permit from the Soviet side and I am confident that both the Soviet partner and we will receive this permit. Our request received backing from our government delegation that held talks in the USSR last week. In addition, another barter transaction involving the delivery of around 500,000 tonnes of crude oil in exchange for meat and other agricultural products has been prepared within the framework of trade with the Russian Soviet Federated Socialist Republic. The negotiations continue but I am confident that even this barter will "pass." If we realized all these deals this year, we would acquire roughly 1 million tonnes of crude oil by means of barter alone.

[Truncova] Apart from Soviet deliveries, we also expect this year other deliveries of crude oil within the framework of import diversification. What deliveries are these?

[Junek] This year we will receive from the Soviet Union through the "Friendship" pipeline about 9 million tonnes of crude oil, of which about 5 million tonnes will be based on direct contracts concluded at government level. Barter deals and the aforementioned swap deals will account for the rest. The remaining portion of our crude oil needs, about 2.5 million tonnes, will be imported through the Adria pipeline. [passage omitted] We are buying Libyan, Nigerian, and other Arab varieties of light oil. [passage omitted] The Adria pipeline is today, in fact, the only possibility for our country to diversify crude oil procurement. For the time being, this possibility is limited because the capacity of the Adria pipeline does not permit higher deliveries. Broader possibilities for diversification should be provided by the link up with Ingolstadt and by the expansion of the Adria pipeline. [passage omitted]

Interior Minister on Slovak Home Guards Issue

LD3107122191 Prague Federal Television Network in Czech 2005 GMT 30 Jul 91

[Excerpts] According to Interior Minister Jan Langos, he is responsible for the divisions of the Federal Interior Ministry not to tap any phone calls. [passage omitted] With respect to screenings, the interior minister discussed documents that are mistakenly considered to be public papers. Apart from the screening bill, Jan Langos said, there must exist principles that protect the identities of screened people. There was a long discussion about reporting techniques, their use, and control. In this connection, republican and federal bills were being compared where control and use are in the jurisdiction of the prosecutor general and not the minister. The problem of home guards was also discussed.

[Begin Langos recording] The chairman of the Association of Slovak Soldiers, who is a soldier himself and is a member of the Czechoslovak Army, expressed the view that home guards are necessary because military technology is not being transferred in Slovakia quickly enough, although it has nothing to do with the presumed role of home guards. At the same time, he expressed a very remarkable view for a soldier, namely that home guards should, because of security and control, be subordinate to the paramilitary and security committee of the Slovak National Council. This, in my view, is a deeply incompetent view.

Current cooperation with the republican ministry was also discussed which, for the time being, is not on a high enough level to justify talking about cooperation. Perhaps it will be helped by meetings of the three ministers where controversial matters, not accounted for by laws, could be clarified. [end recording]

Public Against Violence Slovak Council Decision

AU3107133491 Bratislava VEREJNOST in Slovak 29 Jul 91 p 2

[Resolution adopted at the Public Against Violence Movement Slovak Council session in Ziar nad Hronom on 27 July]

[Text] 1. The Public Against Violence Movement Slovak Council [SR VPN] has noted and agrees with the report given by SR VPN Chairman Jozef Kucerak on the current situation in society and within the Public Against Violence movement.

2. The SR VPN is convinced that the idea of an independent Slovakia within eight to 10 years casts doubts on the current process of forming a democratic federation. It is paradoxical to form a temporary federation and, at the same time, create legal and material prerequisites for its break up.

The SR VPN is of the opinion that a national identity in today's world is better achieved through intensifying civil and human rights and freedoms than through the formal establishment of a national state.

In view of the doubts being cast on the federation by certain political movements and parties, the SR VPN proposes that—in accordance with the adopted constitutional law on a referendum—all citizens be given the earliest possible opportunity to express their views on the issue of the constitutional and legal arrangement.

3. The SR VPN disagrees with the statement made by Slovak Interior Minister Pittner according to which the so-called home guard "should fill a vacuum in the event of politically motivated unrest." The Slovak Interior Ministry has at its disposal both armed security units and the legal means to ensure that our citizens' freedom and security is protected.

4. The SR VPN states that, following the split between the VPN and the Movement for a Democratic Slovakia [HZDS], Mr. Dubcek has always adopted stances conforming to those of the VPN in key issues such as the transformation laws, the federation, and the law on a referendum. These stances were in sharp contrast to the HZDS' views. A. Dubcek's unilateral announcement about his definitive departure from the VPN has complicated the entire situation. As Federal Assembly chairman, A. Dubcek could—while remaining absolutely impartial—play a positive role in stabilizing the political scene.

If his stances in these key issues were to change—that is, if he were to openly acknowledge the opposition's points of view—the SR VPN would not insist on his remaining in the post of Federal Assembly chairman.

5. The SR VPN has noted the work of the expert groups and has tasked them with continuing their activity with regard to the suggestions and comments put forward at the SR VPN session. It has submitted its proposals in writing within the time limits approved at the previous SR VPN session.

6. The SR VPN has tasked deputies and the expert group for legislation with drafting fundamental principles for an electoral system.

7. The SR VPN has complied with the request made by M. Kusy to be released from the SR VPN and the SR

VPN Presidium. It has also complied with the request made by D. Brezina to be released from the SR VPN Presidium.

8. In a ballot, the SR VPN coopted Ivan Miklos as a member of the SR VPN and coopted S. Szomolanyiova and M. Krajcovic as members of the SR VPN Presidium.

9. The SR VPN has decided that six delegates from each district will participate in the republican assembly. The assembly will be held on 19-20 October 1991 in Poprad or in Povazska Bystrica.

10. The SR VPN, as organizer of the VPN economic establishment Club 89 in Levice, has appointed Gejza Vecar to the post of club manager.

Carnogursky Munich Speech on Slovak Sovereignty

AU3107080891 Bratislava NARODNA OBRODA in Slovak 24 Jul 91 p 3

[Speech by Slovak Prime Minister Jan Carnogursky at the "Europe: Unification in Diversity" international conference in Munich 20-21 July: Nationalist Thought Cannot Be Suppressed"—first paragraph is NARODNA OBRODA introduction]

[Text] The Christian Social Union organized an international conference entitled "Europe: Unification in Diversity." It took place in Munich over the weekend. Prime Minister Jan Carnogursky was among the governmental and political representatives of the eight countries who participated. We publish his contribution because of its relevance to the current situation.

Czechoslovakia has been a federalized state since 1968. What was until then a unitary state was transformed into a federation in the Dubcek era. A substantial part of the law on the federalization of Czechoslovakia stems from the time before the Warsaw Pact armies entered our country. Although the occupation did not affect the validity of the law on federation, Czechoslovakia has become a purely formally federalized state consisting of two republics—the Slovak and Czech Republics. Only the legal form of the state changed because all the decisions of supreme importance were still made by the united, strictly centralized, communist party. The law on federalization could begin to operate as it was originally intended after the fall of communism in November 1989—that means, only then could a framework be provided for the true equality of both republics, for reaching the much-needed decentralization of decision-making and conceding to the republics their original powers. This is the only path to the fulfillment of the idea of free competition among political forces—not only between individual parties in the republics—and to the equally important principle of autonomy, of the primacy of republic powers in relation to the federal center.

The long struggle against communist power was, above all, aimed against the general violations of fundamental human rights in Slovakia, particularly of religious rights and freedom of religion, without any emphasis on the specifics of national and nationality rights. After all, communism was our common enemy and a specific emphasis on the rights of nations and nationalities in Czechoslovakia would have weakened our strength in this common struggle. With the advance of political freedom, particularly the freedom of the press, nationalist themes began to come increasingly to the fore.

History of the Hyphen

The nationalist issue in Czechoslovakia was probably first noticed abroad because of the so-called hyphen war. In March last year, on the occasion of the change in the official name of the state, which was able finally to rid itself of the burdensome adjective socialist, it was in Slovakia that emphatic demands appeared for a return to the original name of the state, which was Czecho-Slovakia with a hyphen. It is the original name in the sense that Czecho-Slovakia is referred to as such in the peace agreements signed after World War I. Moreover, Czecho-Slovakia is also the name used in the agreements signed during World War I between representatives of Czech and Slovak emigres in the United States, Italy, and Russia when they wanted to form a common state. This important historically-based issue was settled by the adoption of a new law on the change of the name of the state to the Czech and Slovak Federal Republic; in the abbreviated form, the two versions were accepted with or without the hyphen. Today, in Bohemia the name of the state is used without the hyphen, while in Slovakia they use the name with the hyphen. A foreign observer might consider this fighting over a hyphen to be ridiculous or trivial. However, after four decades of life in a gray system isolating people from one another, and the country from the surrounding world, for the people of Slovakia the hyphen has become an important symbol of the awakening and self-realization of the nation, signaling the status of equality for Slovakia within the framework of the federation. Another stage in the development of opinions on the constitutional position of Slovakia was the adoption last December of the new constitutional law on the division of powers between the federation and the republics, which transferred a substantial number of the powers the federation used to have to the two republics.

A Less Constraining Federation

Part of the mission of the Federal Assembly and of the national legislatures elected in free elections for a two-year period is the drafting of a new federal republic constitution and the new constitutions of the Slovak and the Czech Republics. The need for a new constitution of the federation is beyond doubt because the present one was drafted back in the time of communist rule, and although it was amended several times since the November revolution, its core is derived from the constitutionally legal philosophy of the communist state, and it does not suit the new, democratic conditions. For the preparation of the new constitution it was necessary

for representatives of all the legislative political parties to meet, and the meeting actually took place in Kromeriz, Moravia, last month. The decisive step toward the new constitutional arrangement of Czechoslovakia was the agreement reached by the attendant representatives of the political forces, legislatures, and governments that the basis of the new federal constitution will be a treaty between the Czech and the Slovak Republics. The treaty will specify the fundamental division of powers between the federation and the republics as well as define the jurisdiction of the federation's common bodies. Based on this treaty, concluded by both republic legislatures on behalf of their republics, the Federal Assembly will draft the federal constitution. This will then be subject to ratification in both national legislatures, which will guarantee its concordance with the treaty between the republics.

While contemplating the new federal constitution, we often perused, and were inspired by, the Constitution of the Federal Republic of Germany. Nevertheless, the German Constitution has not been a literal model for us because the difference between the two states is only too obvious: There is a single nation in Germany, while two nations live in Czechoslovakia. It is expected that, under the new constitution, the relationship between the two republics and the federation will be much less constrained than it has been until now.

The Policy of Patience

In practice, the decision on the optimal position of Slovakia within the framework of the federation means a daily decision between the loud, populist and nationalist policy, and the quiet, but thereby only more consistent policy of patient pushing for specific powers for Slovakia. Based on our experiences so far, and in comparison with the situation in Yugoslavia and the Soviet Union, it seems to me that concrete prospects for acquiring the country's own individual constitutional position in the future integrated Europe is the best alternative to a nationalism that would demand the division of existing states. It is futile to dream that one could suppress nationalist ideas. These ideas are very strong, and it is in the nations of Central and Eastern Europe that it represents the strongest bond of solidarity and a permanent source of inspiration for people of every age. At the same time, it is a tangible expression of Europe's proverbial diversity. After all, the attractiveness of the idea of European integration is based on the freedom of individual nations to develop their sovereignty and cultural individuality. The present developments in Yugoslavia could be very illuminating for the further process of European integration. Foreign ministers of the European Community as well as the United States believed at first that the constitutional structure of Yugoslavia could not be challenged. Apparently they assumed that they could ignore the deeply nurtured aversion of Croats and Serbs to living together in one state. It was only under the impact of the tragedy of armed clashes and unilateral unconstitutional steps that the European Community and the United States revised their opinion and are now willing to agree to a less constrained internal arrangement in Yugoslavia.

We Do Not Want To Follow the Yugoslav Road

Slovakia, however, does not want to follow the Yugoslav road or the road of some union republics of the Soviet Union. We want to coordinate our progress with the Czech Republic and with the federal bodies. We prefer to settle the occasional internal conflicts within the republic, and it is rather distressing to us when their reverberations reach the pages of the world press. Czechoslovakia has declared its serious interest in entering the European Community. Our goal is to be able to maintain in the European Community at least the same position of equality as we have now within the framework of Czechoslovakia. This means that we would be able to behave and act in the European Community just as other member nations do. We would like such a position for Slovakia—and of course also for the Czech Republic—to be negotiated by the Czechoslovak delegation at an early stage in the discussion of the conditions for our entry into the European Community. We are aware of, and we accept the European Community's refusal so far to recognize such a position for Slovakia, but we are not losing hope. The problem goes much farther than mere recognition of the position of the Slovak and the Czech Republics in the future community.

The prospects I have just outlined of an equal affiliation to the united Europe are, I believe, an alternative that could attenuate the national impatience and endeavors to achieve an equal constitutional position immediately. The possibility of the equal affiliation of individual nations to the European Community would mean a European version of the fulfillment of the right of nations to self-determination. Another alternative is the development in Yugoslavia and the Soviet Union. Europe is, and always will be confronted with expressions of nationalist ideas, and therefore Europe will always have to examine all the possibilities of accommodating them.

The unexpected early arrival and success of the November revolution in Czechoslovakia may have convinced many people that in today's world, the line between the possible and the impossible is not well defined, but that it is a fairly wide spectrum of alternatives and possibilities for the development of individual societies as well as of the European Community. Let me therefore develop the idea of Prague writer and philosopher Franz Kafka: "Let us be realists, let us ask the impossible." In the issue of the constitutional position of Slovakia and its future engagement in the European Community, I am, and will remain a realist.

Pithart on German Talks, Domestic Issues

LD3107103191 Prague Ceskoslovensky Rozhlas Radio Network in Czech 1700 GMT 30 Jul 91

[Interview with Czech Prime Minister Petr Pithart by unidentified correspondent; place and date not given—live or recorded]

[Excerpts] [Correspondent] We have recently talked in our regular conversations on the topic of Euroregions. I

would like to ask about the significance of the visit to your office by Mr. Streibl, chairman of the Bavarian Land Government.

[Pithart] Mr. Streibl came to see us this time not as the minister-president of a free state of Bavaria, but as a member of a large delegation of the Christian Social Union. However, he expressed the conviction that in fact he came to help shift the negotiations on the preparation of the treaty on friendship and neighborliness with Germany. The talks have become rather deadlocked.

Naturally, we as the Czech Government, or the Czech Republic, are not partners in talking about this treaty, but Mr. Streibl knows, just as we ourselves know, that the consequences of the treaty will most likely most affect Bavaria and the Czech Republic provided that the treaty solves problems connected with the requirements of the Sudeten Germans. I assured Mr. Streibl that we are completely loyal to the Federal Government, that we have supplied our viewpoints and our comments—in the Federal Government, specifically, at the Foreign Ministry. At the same time I assured him that the German side must consider the fact that the date of 25 February 1948 will be adhered to as the date of the beginning of reparations.

Mr. Streibl, if I understood it correctly, expressed the conviction that, after all, we should demonstrate greater sensitivity toward this problem as it is being experienced, above all, by those citizens of Bavaria and all the Federal region, who were repatriated after the war. We replied that this is certainly the case, but that the negotiating parties can be, in our view, only the government in Bonn and the Federal Government in Prague.

[Correspondent] The next topic which we tend to discuss occasionally is also that of the office of the Czech Government and its slimming down.

[Pithart] Yes, I stayed here in Prague during the vacation time because we would like to use the time of certain calming down for very intensive work in changing the structure and functioning of the office of the government. Moreover, we are preparing a draft negotiating order of the government. The two things have one goal: to clarify the responsibilities or, as we say, powers, and if this is successful then we suspect as early as today that slimming down the government office will also emerge. What is involved is that the office of the government was a real service organ for the prime minister and deputy prime ministers, that it does not supply the role of the ministries and does not interfere in the responsibilities of the individual ministers. Each office, so to speak, left to its own development, has a tendency to expand and to assume more and more responsibiliites. We would like to stop this very vigorously.

[Correspondent] Prime Minister, I personally do not think that slimming down the government, as talked about, would be a task for you directly because you have more important state tasks. Do you have support in the government here?

[Pithart] Of course, it is a complex organizational work which I entrusted to a new head of the government office, Mr. Sedlacek. The change of the head of the office took place on my own initiative. [passage omitted]

[Correspondent] Prime Minister, in connection with the reparations you mentioned just now in connection with the Czech-German treaty, I would like to return to your visit to Canada, because following your return from Quebec you mentioned the dissatisfaction of our compatriots in Canada concerning the scale of reparations.

[Pithart] The law on reparations has been approved by the Federal Assembly, and we cannot immediately influence any further changes. Upon my return from Canada I expressed the conviction that nevertheless we could and we should return to this law, particularly with regard not to the so-called economic emigration, particularly following the year 1968, but particularly with regard to the people who left Czechoslovakia because they simply had to leave, people who were persecuted, whose parents where executed, and so forth. Even such compatriots attended the meeting in Masaryk Town. They indeed find it hard to understand that they also conform to the simple dictate of the law which says that reparations will not concern emigres. I would like to say that all emigres are not the same and so far we are observing a law that does not take this sufficiently into account.

[Correspondent] Another of my questions today is agriculture. We talked about it recently, but it appears that we will have to keep returning to it.

[Pithart] We have no illusions that we have solved the question of agriculture in the past weeks. We have only averted, we hope, the acute sales crisis that would have become apparent during the harvest and immediately following the harvest. The basic problems unfortunately remain the same. [passage omitted]

[Correspondent] Prime Minister, I do not want to connect directly our agricultural issues with what is happening between you and Agriculture Minister Kubat, and also what has been said by Captain Zak in Switzerland, allegedly again in connection with the Slusovice affair. [passage omitted]

[Pithart] It has now been discovered that as early as November 1989, during the illegal destruction of some documents of the Interior Ministry in Bruntal barracks, as I have found out, written documents in which my name also appeared were destroyed. It appeared in connection with some employees of Pokrok cooperative. Most likely the peoples involved included Dr. Rychetsky, who I have known for years, but that is all. Otherwise, of course, I have never worked in Pokrok cooperative, nor have I been a client of this cooperative. Representatives of the cooperative, moreover, claim that they never had anything to do with Slusovice. The accusation reminds me of the joke: Mr Novak stole a bike. Did he steal a bike? Well, he either stole a bike or a bike was stolen from him, but in any case it had something to do with being at court. So what fits me is that

a bike has been stolen from me, and thus I became a topic of discussion even on the pages of the Swiss press.

I have never interfered in the investigations of Slusovice affair, I have no right to do so, and I hope that if I tried to interfere that ministers would not obey me. But they would have a reason not to obey me because I have never done anything in any way to thwart or delay investigations. On the contrary, I have great interest in seeing the investigations progress. I am regularly being informed by Minister Sokol, and let us hope that we will know more in time.

[Correspondent] The last question concerns again Alexander Dubcek. We talked about his decision to leave Public Against Violence in our last interview. I think that on the basis of this, Alexander Dubcek spoke in the sense of your slandering him.

[Pithart] Well, I would slander him if I said something that is not true. I only expressed regret that Mr. Dubcek left the party that forms part of the government coalition. If he did it only to remain above parties it would be possible to understand, but the public knows that Mr. Dubeck has shown sympathy to that section of Public Against Violence that has separated from the government coalition and that clearly behaves as opposition. So that even if Mr. Dubcek did not join it, or maybe he will not join it, I read his step as follows: He has shifted from the position of the government to the position of the opposition. This is perhaps an unacceptable assessment for him, but this is how I see it and cannot see it in any other way, I am sorry.

Smallholder Chairman Torgyan Details Principles

AU0108095991 Budapest NEPSZAVA in Hungarian 29 Jul 91 p 5

[Interview with Jozsef Torgyan, chairman of the Independent Smallholders Party, by Ildiko Saman; place and date not given: "Will Torgyan Bury the Hatchet?—first paragraph is NEPSZAVA introduction]

[Text] At the third attempt, Jozsef Torgyan achieved what he wanted. He became the chairman, that is the absolute master, of the Independent Smallholders, Agricultural Workers, and Citizens Party [FKgP]. Not only his present political opponents but also the living members of the old historical Smallholders Party listened with astonishment to the program he announced, because the new chairman wishes to develop the FKgP into a citizens' party based on right-wing, conservative, radical, and Christian values. The most tolerant people said that it was not known how the new leadership would interpret these notions. In their new setup, according to the organizational and functional statutes, the chairman decides on the policy of the FKgP; therefore, we interviewed Jozsef Torgyan.

[Torgyan] To me, radicalism doubtlessly means that the change of regime has to be implemented quickly and with determination, even with surgical intervention, not only in a political but also in an economic sense. Once we have decided that we want a welfare society in place of socialism, it means that we also need capitalists, and we should firstly revive the Hungarian middle classes. Conservatism is connected to this. I will preserve and maintain all those 1,100 year-old values and those national characteristics that distinguish us from other nations.

[Saman] This is the reason former life Chairman Tivadar Partay—who left the FKgP because of your election as chairman—said that, from the beginning of the election campaign, the moral, ethical, and ideological basis of the old Smallholders Party ceased to exist, and the FKgP did not resemble the original Smallholders Party. Our prime minister made a similar statement in Szarvas recently, and he considered the party program announced in Bekes to be a pattern [etalon], a program whose first sentence began with the following: "The aim of the FKgP is to retrieve Hungary's thousand-year-old borders".

[Torgyan] At the threshold of the third millennium, we cannot constantly refer to the period between the two world wars and treat that period as an example. We cannot reverse the wheels of time. It is not to the times of Bekes that we have to return if we want to catch up with Europe. Today's FKgP cannot even be compared with the party in 1945-47, and it need not be like that, either. Our predecessors showed how it was possible to lose with 57 percent, and I will show how to win with 12 percent.

[Saman] Let us turn to the most delicate definition. You call your party right-wing. Hitler, Mussolini, and Le Pen are mentioned in connection with you. What is your opinion on this?

[Torgyan] Being right-wing? Its interpretation always depends on the actual situation. Today, the left wing is taken up by the Hungarian Socialist Party and the Hungarian Socialist Workers' Party. The center has already been discredited, therefore, nothing but the right wing remained for us, emphatically without any extremes. The Strauss-style right-wing policy is closest to me, a conservative, pragmatic, and determined style of leadership that Bush and Chancellor Kohl represent today.

[Saman] Why did you have to present a new program almost immediately after being elected?

[Torgyan] Because this party had no program at all. An era was closed by the passing of the Compensation Law. Our opposition was right to say that the FKgP had descended to being a program-party. As for the future, we do not have, or rather, we did not have any kind of a concept. The Soviet troop withdrawals created an internationally new situation, but our party did not take that into account, either. They elected me as new chairman, and I felt that the most important thing was to present a clear and forward-looking program for all those people who trusted this party.

[Saman] People who have joined the FKgP so far considered the old ideas to be worth following. What is new in your current program, and are you not worried that you will lose your membership?

[Torgyan] The new thing is that we want to be a party of owners, a party of enterprising people—be it agricultural, industrial, or banking enterprises. We stand for ownership by employees within the working class. That is, we represent and support the small, medium, and large businessmen. How many small businessmen have recently committed suicide because the laws did not help them? They can only trip over the impossible conditions. We cannot allow this. We also cannot allow foreign capitalists to cream off the profits of large enterprises. As long as there is no national capital in Hungary and legislation is delayed on such important matters as a law on bankruptcy, banking, bank notes, taxation, customs rules, the protection of investments, cooperatives, and property, national capital in Hungary will not be important and, other than a few swindlers, foreign businessmen will not bring their money here. Drafting laws will be the main task of the specialized expert group of our party in the coming weeks, and Parliament will have to pass laws on the aforementioned issues by the end of October 1991.

[Saman] So the legislative faction will also have to work differently. Is your work hindered by the conflict within the faction, and by the fact that you want to take five people to a disciplinary committee because they informed against you?

[Torgyan] Everything has to be subordinated to professional work. The disciplinary committee hearing would only have helped clarify matters and this hearing has been postponed for the time being. Everybody has time to think. I would not be a good leader if I did not have opponents, and a party is

only a true party if it can give room to more than one view. Therefore, even people who still think that my policy and my style of setting things right is not close to theirs have something to think about.

Preliminary Deficit Figures Reported

LD0108030691 Budapest MTI in English 1459 GMT 31 Jul 91

[Text] Budapest, July 31 (MTI)—According to preliminary National Bank of Hungary (NBH) figures, Hungary's current account deficit for the first half of 1991 is expected to work out at 150-170 million dollars, Frigyes Harshegyi, NBH vice president, told MTI today. At the beginning of the year, a current account deficit of 1,000 million dollars was forecast for 1991. The monthly 100 million dollars from the invisibles registered in the current account will continue to more or less cover the country's monthly interest burden of 120 million dollars, the senior central bank official said. The NBH's currency reserves augmented during the period under survey. While they stood at 1,400-1,500 million dollars at the end of the first five months, they were worth 1,700 million dollars at the end of June, and are likely to exceed 2,000 million dollars by the end of the year, Harshegyi explained. The National Bank of Hungary continues to reckon that the country's current account will near a zero balance by the end of the year. Under agreements the NBH has with international organizations and financial institutions, the World Bank, the IMF, the EC and the Japanese Eximbank will disburse a total of 700-800 million dollars to Hungary in the second half of the year. This will by and large be enough to cover Hungary's 800-million-dollar capital repayment obligations in the second half of 1991, Harshegyi noted. Preparations for the issue of a 250-million-ECU bond have already started, and the NBH is likely to take out a syndicated loan in Japan. From these two sources and from the issue of another bond, Hungary will get access to credits of between 400 and 500 million dollars, the central bank vice president said. In the first half of 1991, Hungary took out loans worth 2,200 million dollars.

Barter Trade Agreement Signed With RSFSR

LD3007160191 Budapest Kossuth Radio Network in Hungarian 0700 GMT 30 Jul 91

[Text] One of the major obstacles to the commencement of direct barter trade between Russia and our country has been overcome. The National Trade and Credit Bank Limited, with headquarters in Budapest, and the Russian Foreign Trade Bank have signed an agreement on the revival of barter trade worth $670 million apiece. According to the agreement, the largest Soviet republic will pay, primarily with oil and steel, for Hungarian food and medicine deliveries. An essential element of the agreement is that the Russian side will always begin the deliveries. When the goods cross the border, however, the Trade Bank will undertake a financial guarantee for the Hungarian counter-delivery. This is the first direct trade agreement between Hungary and the Russian Federation.

Walesa Meets Kolodziejczyk on Army Budget

LD0108034191 Warsaw PAP in English 2021 GMT 31 Jul 91

[Text] Warsaw, July 31—Polish Army will introduce stricter criteria of the selection of candidates for professional soldiers, head of the Army's chief medical panel Col. Kazimierz Cieslik said on Wednesday. All candidates showing any trace of psychological abnormality will be rejected now after the accident in which Janusz Ochnik of the Higher Communications School in Zegrze, north of Warsaw, had killed four soldiers in a shooting spree in May, 1990, Cieslik said. Even negligible neurosis will disqualify a candidate, and recruiting boards members are already being trained to screen unwanted candidates.

More general concern for the Polish Army prompted minister of state for security in the presidential chancellery Lech Kaczynski and Minister of National Defence Vice Admiral Piotr Kolodziejczyk to meet President Lech Walesa here Wednesday and discuss the Army's financial problems. Kaczynski and Kolodziejczyk urged assignment of funds to secure normal functioning of the Armed Forces and the country's defence system. Minister Kolodziejczyk also presented issues of cooperation between the Polish Army and Armies of the Czech and Slovak Federative Republic and the Hungarian Republic.

[Warsaw TVP Television Network in Polish at 1730 GMT on 31 July adds in a similar report on Kolodziejczyk's meeting with Walesa: "The national defense minister presented basic undertakings for ensuring maintenance of the proper course of training and combat readiness."]

Electoral Commission Receives Party Applications

LD0108032891 Warsaw PAP in English 1730 GMT 31 Jul 91

[Text] Warsaw, July 31—The state electoral commission received here on Wednesday the first applications from electoral committees of several parties and coalitions. Among them are Committees of the Republican Coalition, a "Peasant Agreement" of the Peasant Movement, the "Programmatic Movement" of the Polish Peasant Party (PSL), the Alliance of the Democratic Left-Wing and the National Party.

Chairman of the State Commission Andrzej Zoll said that 37 regional electoral commissions were set up Wednesday.

The Liberal-Democratic Congress (KL-D) named here on Wednesday its electoral committee headed by the party's leader Donald Tusk. The Congress will conduct its campaign in a neat, elegant and positive manner, Tusk told a news conference here. His party will not strive to gain power at any price, at the expense of certain ethical and political values that are dear to KL-D, Tusk declared. In his opinion the Liberal Democratic Congress has fairly good chances in the parliamentary elections.

The Polish Peasant Christian Forum "Ojcowizna" set up by former PSL leader Roman Bartoszcze joined the "Peasant Agreement" nationwide electoral committee which is formed by the Solidarity Polish Peasant Party and the Solidarity of Private Farmers. Ojcowizna was registered in a Warsaw court Wednesday as a nationwide political party that intends to shape democratically the public life in the country in line with the Christian principles. Its programmatic congress will be held here on Sunday, August 4.

Opinion Poll on Election Legislation

LD3107221491 Warsaw Radio Warszawa Network in Polish 1005 GMT 31 Jul 91

[Text] What transpires from the latest Public Opinion Research Center [OBOP] poll research? The center warns at the start that in the 1,000-person random representative sample of the inhabitants of the whole of Poland, the statistical error is in the bounds of 3 percent. From the latest public opinion poll run by the OBOP attached to Polish radio and television, it transpires that in the view of 56 percent of those polled, the Sejm version of the electoral law is better. The president's version, and so voting above all for party lists, attained the approval of 20 percent, while 22 percent of those polled regard it as difficult to say anything on the matter.

On the question of whether the two vetoes of the president in relation to the laws adopted by the Sejm were justified, 43 percent of those polled replied in the negative, and 29 percent positively. (?In reply) to the next question, which of the sides in the conflict has shown more goodwill and sought accord more, 17 percent acknowledged that it was the president, 27 percent that it was the Sejm, but as many as 21 percent of the participants in the poll feel that both sides showed goodwill.

Statistics is in the domain of print; radio, as is well known, does not like figures, but just one more thing: To the question of whether the new constitution should increase the prerogatives of the president, 30 percent replied affirmatively, 12 percent to the contrary, while in the view of as many as 39 percent of those polled these prerogatives ought to be the same as at present.

Finance Minister Balcerowicz on Foreign Debt

LD2707182791 Warsaw Radio Warszawa Network in Polish 1012 GMT 27 Jul 91

[Speech by Leszek Balcerowicz, deputy prime minister and minister of finance, at a Sejm session in Warsaw—live]

[Text] Mr. Speaker, ladies and gentlemen. I want to begin by recalling that the foreign debt was one of the

great burdens on our economy, on our society, with which the government appointed in September 1989 began to implement its economic program. We (?read) that this debt arose in the seventies, as a result of an extremely irrational economic policy and reckless incurring of credits under the conditions of an ineffective economic system. The process of incurring new credits ended at the beginning of the eighties; from that moment, in practice, we lost credibility as a participant in international economic life. We became a country burdened with a very big debt, and despite this that debt rose in the eighties, in spite of the fact that in some years, (?for example) 1985, payments by virtue of the earlier accrued debt came to $2.5 billion [as heard]. That was the situation we inherited in September 1989.

I would like to cite a few figures regarding this debt burden. Near the end of 1989—the data (?concern the situation in) September 1989—Poland owed government creditors, by virtue of credits guaranteed by governments, $27.4 billion, which accounted for about 57 percent of the entire debt. The second part of the whole free currency debt fell to the commercial banks belonging to the so-called London Club. The official creditors were represented by the Paris Club. The third part of the free currency debt was the debt to the Soviet Union and the CEMA Bank, to the amount of $2.1 billion.

[Word indistinct] in the course of a few weeks in September and October 1989, a fundamental economic strategy had to be worked out. Its keynote was that it had to embrace two interdependent planes: first, determined and global action to promote transformation in our economy, including bringing order into the economic situation and changing its economic system; and second, formulating Poland's expectations of foreign countries. Among these expectations there was very clear expression from the very outset of the demand for a solution to the question of the Polish debt, alongside other demands, like the restoration of access to foreign financial sources and the reaching of agreements with international financial institutions, (?the latter being) a condition for achieving progress on the (?first).

It was, and still is, clear that these two things are closely interdependent—that only determined, courageous, and broad changes in the economy created the chance of obtaining adequate elements of foreign support which went beyond stereotypes. At the same time it must be stressed that without such support—and this was stressed strongly from the outset in foreign contacts—the change of the broad, essential changes would be correspondingly smaller. That was the strategic axis formulated at the very beginning, in September and October 1989, and consistently implemented.

I will briefly recall certain facts for you which occurred in the second half of 1989. First and foremost, we faced the problem of servicing the debt to the foreign banks belonging to the London Club, and in October an agreement was reached according to which 85 percent of the interest falling to those creditors in the fourth quarter was postponed. In parallel, very intensive negotiations were carried on with the IMF, which ended in agreement in December 1989; an agreement which was a vital condition of any kind of further progress in talks on the foreign debt, and an agreement which opened the road to external replenishment in the form of World Bank credits.

I recall that the second half of 1989 was a period in which our reserves were very low. It is worth remembering this in a situation when the amount of reserves with which we ended the implementation of the economic program in 1990 has been questioned. In further actions in 1990 the emphasis was put on reaching a solution in the most important sphere of our debt—that is, the official debt to the Paris Club. The implementation, in the beginning of 1990, of the economic program aimed at achieving stabilization, improving state finance, and having strong and exchangable currency created a foundation for asking Polish creditors for such solutions, which went beyond stereotypes. At the beginning of 1990 a debt reduction was very strongly questioned. In spite of our efforts, the solution could not be adopted then. So in February 1990 an unprecedented agreement was reached with the Paris Club, which deferred all payments due in 1990 to March 1991. It meant that we had time until March 1991 to search for solutions other than deferring debt: solutions that eventually became reality. In February 1990 a working group was set up within the Paris Club with the task of finding solutions to our problems.

The agreement of February 1990 included yet another important decision—that is, it gave access to guaranteed foreign credits. since then, Western governments and international financial institutions have declared credits and guarantees for the sum of nearly $7 billion. As far as negotiated agreements are concerned, they amount to $5.5 billion at the moment.

The months that followed were months of extensive striving for a solution other than debt deferment—that is, a solution including the reduction of the burden of debt, and not only deferment of current financial obligation. I will recall here important elements of this process, and then I will talk briefly about final results.

An important and significant element of the process was extensive talks with representatives of financial circles in Washington, in May of last year, during a meeting of the IMF committee and a world bank development committee. The postulate of radical reduction of our foreign debt was presented there for the first time. Two things were pointed out then. First, for its development Poland needs the reduction of current debt in the future, and second, Poland also needs the essential reduction of the debt burden, so that the atmosphere for domestic and foreign investments could be different than it would be with only a standard agreement on deferement of the foreign debt. The talks during the May meeting were followed by extensive political talks with representatives

of the governments of the United States, France, Germany, and Italy. The issue of debt reduction was put on the agenda of every serious political talk conducted in 1990. There were several dozens of such talks. It was an investment, without a guarantee of final success, in a solution so far never adopted by the Paris Club.

There were two kinds of arguments on our side—the necessity of supporting Poland in its unprecedented program in such way that we not only get a reduction in debt and repayment, but also better prospects. An important element in gaining support for the agreement was the acceptance for the postulate of debt reduction by international financial institutions, the IMF in particular. Without it, it is hard to imagine that the Paris Club and the representatives of the governments represented there would be ready to make a decision of this kind. March and April of this year were crucial for the process. Here I would like to tell you that it was a kind of a race against the time.

It was known that the previous agreement concluded in February 1990 would be up in March; that another agreement must be reached by that time. It was also known that a certain set of political circumstances favorable for Poland, favoring the achievement of unprecedented, exceptional solutions, could come to an end.

As a result of very intensive political talks, on 21 June this year an agreement was concluded with the Paris Club, representing the governments of seventeen creditor countries. Now I would like to say a few words on the subject of the basic elements of that agreement.

First, I think this is the most important thing: the agreement envisages that the stream of payments due to the creditors from Poland, in the form of both interest payments and capital installments, will be reduced by 50 percent in comparison with the situation if the agreement did not exist. Here—this is the second element—this reduction is to run in two stages. The first stage comprises the period from April 1991 to April 1994, and envisages a 30 percent reduction, with the proviso that the 30 percent will be achieved among other things by decreasing the interest due to creditors by 80 percent—in other words four-fifths.

The following conditions had to be met in order to get this reduction: first, agree on a three-year economic program with the IMF, which has become a fact. [words indistinct] affirmation of this program by the Fund's administrative board took place on 18 April 1991. The second condition that was met was to pay $280 million, which had been accumulated previously, into a special account in the International Clearing Bank in Basle. Finally, the third condition that will have to be met, and which we are of course striving to meet, is the comparable treatment of other creditors during negotiations, above all, with representatives of banks represented by the so-called London Club. The second stage of reduction is to comprise 20 percent of the debt burden, and is dependent on the definitive, final, positive assessment of the three-year economic program implemented by Poland. The date for this final assessment (?set) by the IMF administrative board is December 1993.

To obtain a second installment of the reduction, Poland has to meet its repayment obligations as agreed with the Paris Club in April. The payments are considerably reduced for these three years, amounting to less than $600 million annually. One can say that for at least three years we have got a relief period for the implementation of our economic program. Later payments, under the condition that we enter a second stage of reductions, are to be higher, but will be spread over a period of time so that the program of the reform will not be hampered by major financial obligations. If both programs, both stages, of the reduction are implemented, one can calculate that in April 1994 our official debt will be about $25 billion, but what is important is that interest will be lower by half than it would have been without the agreement.

I also want to add that the agreement had additional clauses, making additional reductions over the agreed 50 percent possible, but in the course of individual agreements. First, particular countries can offer debt reduction to Poland without converting the debt into zlotys, and so far the United States has done that. Second, particular countries can offer reductions to Poland consisting in writing off up to 10 percent of the debt in exchange for zlotys, which they can allocate to certain goals in Poland. As you probably know, the prime minister has set up a working group with the task of creating the organizational principles of a special fund for zlotys coming from an up to 10 percent reduction in the Polish debt. We want the funds to be used first of all for the protection of the environment. The working group, in collaboration with the Norwegian Government, has prepared a program and organizational assumptions for the Polish Fund for Environmental Protection, and presented them at a conference in Oslo. We hope that the governments of particular Western countries will transfer some of our debt to make it possible for Poland to spend extra money on this important task.

Finally, I would like to stress, ladies and gentlemen, that this agreement is an exceptional one in the history of the Paris Club. [word indistinct] all the economic debates and the whole tension, I think it is important to realize that this agreement would not exist if there was not the whole economic program. This economic program being implemented, which in my view would be justified regardless of this agreement, defends itself against [word indistinct] arguments. Without it, we would not in practice have any chances to (?argue) that Poland [words indistinct] deserves special treatment with regard to its foreign debt. I think this has to be perceived, this fact has to be perceived, in the whole balance which is being drawn up at the present moment, and which we will draw up—in the balance of economic and political transformations in Poland. I also think that a basic thing to stress is that in professional circles, in international financiers' circles, the preparedness

of Polish negotiators is highly assessed—the negotiating team headed by Minister Sawicki.

Ladies and gentlemen, [words indistinct]. A framework agreement has been concluded. The framework agreement concerns, as I said, the main part of the Polish foreign debt falling to Western governments. It has those two stages, and must be filled with substance, but this must be filled by agreements with individual countries, of which there are 17—except that these agreements will make specific the general decisions of the agreements concluded with the Paris Club, and have to be concluded in such a way that those degrees of reduction which I spoke about, of 30 and 50 percent, were indeed [word indistinct].

What lies ahead for us, then, is the conclusion this year of 17 agreements with individual creditor countries. These countries have a choice of technique in reducing the debt. It may be done either by reducing the capital itself, or by reducing the interest due. We have concluded two agreements to date, with the United States and Austria; we plan to conclude agreements with the remaining countries by the end of the year, as far as possible by October. We hope that the situation in Poland will enable us to make the appropriate progress [words indistinct] and we also hope that the situation in Poland will enable us to continue vital, difficult negotiations with the representatives of the banks, represented [word indistinct] by the London Club. (?We hold very much) to this position, (?to obtain) better conditions than those formulated in the agreement with the Paris Club.

Ownership Minister Defends Privatization Program

AU3107190391 Warsaw RZECZPOSPOLITA in Polish 29 Jul 91 pp 1, 2

[Interview with Janusz Lewandowski, minister of ownership transformations, by Ada Kostrz-Kostecka; place and date not given: "Abstract Mistrust and Concrete Expectations"]

[Excerpts] [Kostrz-Kostecka] Consultations on the general privatization program are continuing. Did you expect this program to receive so much criticism?

[Lewandowski] It comes as no surprise to me, because it takes time to grow accustomed to such a novelty as privatization. Mistrust is deeply rooted in Poles; it is a historical trait. There has not been such a broad and far-reaching program for a long time. Therefore, it forms a conspicuous point of reference, and thus encourages debates. I also have the impression that the politically-divided decision-making community does not want to facilitate my task. There is criticism, and there will continue to be criticism, but I still do not expect any rational alternative.

[Kostrz-Kostecka] This program is supposed to be universal, but not everyone realizes that. In fact the program is unreadable and incomprehensible. Apart from that, it does not leave any room for economic activity; it caters only to people who are passive.

[Lewandowski] The program is definitely universal, but it is not understood by everyone. It gives everyone the right of ownership. However it is generally misunderstood because it is very complicated. For example, it introduces collective savings institutions, which have never existed in Poland before. These institutions developed in the West between 1960 and 1970 and are very popular. They are designed for passive investors, people who save money but do not put it to work. Indeed, the program is for passive investors, and only some of them will take the opportunity to become active. But if we consider everyone, including pensioners, then no single program will ever turn the whole country into a nation of entrepreneurs. Enterprise is encouraged by other forms of privatization. [passage omitted]

[Kostrz-Kostecka] You have been accused of failing to consider the macroeconomic effects of the program.

[Lewandowski] Macroeconomic security was one of the conditions for adopting the program. I am setting up a team that will monitor the program's effect on inflation, tax, budget spending, and other consequences of privatization. On closer inspection, this program turns out to be a gentle and gradual introduction to the new reality. It does not involve improvisation and does not pose any dangers, as the original idea, politically very attractive, of giving away millions of property vouchers would have done. That would have turned Poland into one big casino. We have chosen a cheaper scenario, a scenario that is serious and can actually be implemented.

Bochniarz Announces 'Radical' Ministry Changes

LD0108033391 Warsaw PAP in English 1950 GMT 31 Jul 91

[Text] Warsaw, July 31—Government's newly appointed plenipotentiary Henryka Bochniarz announced here Wednesday that she is going to make radical changes in the merging Ministry of Industry and Trade that is to replace former two separate ministries. Bochniarz said she will immediately start a system of monitoring enterprises and early-warning procedures to alert those most endangered. The first results of the monitoring will be available next September. They will make it possible to pursue a selective policy vis a vis enterprises. Above all, the Ministry will present them several variants of actions to choose the best ones. Bochniarz is a co-owner and chairman of the Nicom Consulting Ltd. which conducted similar work for the Privatization Ministry. She will present her concept of structural changes in the Ministry to the cabinet early next week, and the concept of the activities of her Ministry within the next three weeks. She declared helself as a proponent of the state's intervention in the economic processes. "I am not afraid to be a minister for industry provided that I am able to pursue the policy which I propose," Bochniarz told newsmen.

CUP Chief Presents Economic Forecast

LD0108031691 Warsaw PAP in English 1755 GMT 31 Jul 91

[Text] Warsaw, July 31—Head of the Central Planning Office (CUP) Minister Jerzy Eysymontt told a press conference in Warsaw on Wednesday that Poland will not get out of recession this year as the recently introduced anti-recession measures are not likely to bear fruit until the end of 1991. Although he opined that making economic forecasts can be illusive due to many uncertainties, he presented a warning prognosis for the second half of this year.

According to Eysymontt, industrial output is to fall by 12-18 per cent in 1991, foreign trade will see a 1-1.3-billion dollar deficit, gross national product will go down by 8-12 per cent, budget revenues will be lower by 60 trillion zlotys and real wages in the state-owned sector will decrease by 3 per cent while the number of jobless will reach 2 million.

Among positive phenomena, Eysymontt mentioned the growing share (19-20 per cent) of the private sector in industrial output, a 75 per cent-share of private trade in overall trade and the decline of inflation. But those were accompanied by aggravating recession, fall in industry's profitability and budgetary deficit, he stated.

According to Eysymontt, it is hard to explain why the triple increase in population's savings in the first half of 1991 was not accompanied by greater investment activity. On the contrary, the first six months of this year saw less investment being made, which continues to be an adverse phenomenon.

Asked about his approach to the economic policy of the cabinet and to the Sejm's stand on the state of economy, Eysymontt said that economic changes cannot be rapid. "The stabilization programme adopted last year reached its targets. But today, this programme is not enough, it requires modifications but this may pose a risk of inflation growth," he said and added he would opt for taking the risk of stimulating production.

[Warsaw TVP Television Network in Polish at 1730 GMT on 31 July adds in a similar report on Eysymontt's comments: "In comparison to last year, an improvement was noted in incomes from sales in the wood and paper industry—by four percent compared to last year—and the food industry—by 4.5 percent. The largest drop occurred in the electrical engineering industry—by 20 percent—and the metallurgical industry—by more than 16 percent. The weakening of production activity is linked mainly with the consistently low domestic consumer and investment demand and the loss of the markets of the former CEMA countries. The difficulties with marketing are intensifying the dynamic import of competitive consumer goods."]

Modzelewski Hits Government Economic Policy

PM2907112091 Wroclaw GAZETA ROBOTNICZA in Polish 19 Jul 91 pp 1, 15

[Karol Modzelewski article: "An Alternative Strategy!"]

[Text] I take the opportunity to present in the columns of GAZETA ROBOTNICZA the official position adopted by the Solidarity of Labor group on the government's economic policy.

We insist on the ideals of social justice and protection of the weak, which found their expression in the documents of the Independent Self-Governing Solidarity Trade Union formulated in 1981 and containing an exposition of Solidarity's current program of the time. Today a need arises to defend these ideals not only in union activity but also in a political platform. The economic strategy pursued by the governments led by Tadeusz Mazowiecki and Jan Krzysztof Bielecki involves the abandonment of the principles of social solidarity. The cost of the economic crisis and economic reform has been off-loaded predominantly onto the hired employees of state enterprises, that is, the same strata which constituted the mainstay of the Solidarity Trade Union. Contrary to the principle of protection for the weak, the heaviest burden has been placed on the poorest social groups. This is the consequence of the state's abandonment of its duty to protect the welfare of its citizens, combined with the concurrent drastic decrease in the real value of wages and the increase in unemployment.

We are in favor of a market economy, but we know that this cannot be achieved in a single leap from the socialist economy. It requires plenty of capital and investment, and this means plenty of time. During the transition period, when the mechanisms of competition and the capital market are still weak and have but a small role in regulating the economy, a policy of state intervention must provide the necessary regulating mechanism. This should ensure that recession causes no serious lasting damage to the economic potential of Polish industry and agriculture and should bring about their restructuring and modernization, which in turn will open up our chances in world markets. Without state intervention, we will soon experience a collapse of the economy on a scale comparable with that suffered by the GDR. We cannot afford such an eventuality because, unlike East Germans, we have no sponsor who will offer us all ample assistance and enough capital to build a completely new economy over the ruins of the disintegrated old one.

Unfortunately, for nearly two years now the government has been following the path which leads to a collapse and, to make matters even worse, it has virtually strangled the economy with a draconian financial policy. At the beginning of 1990 this policy could have been explained by the threat posed by hyperinflation, but blind adherence to its tenets over two years has resulted in a 40-percent decline in industrial production; a profound regression in agriculture; drastic pauperization of

the majority of the population; yet another budgetary deficit; and a lack of funds to provide wages, medicines, and the maintenance of hospitals and schools. Hundreds of state enterprises, which still constitute the main source of budgetary income and provide the major source of livelihood for the majority of Polish citizens, have suddenly found themselves on the brink of collapse. The exceptionally high interest rate on loans and the oppressive tax system deprive the majority of enterprises of the means necessary to modernize, change their production profile, or even replace worn plants and equipment—that is, to adapt to the new conditions of economic management. An attempt to escape into accelerated privatization for which there is no backing of available capital resources will certainly aggravate, rather than lessen, the severity of the economic collapse, as well as place the remaining valuable assets of the national resources in danger of being snatched away by our own domestic, as well as foreign, speculators.

We oppose the policy of reform through ruin, because this entails the danger of Poland's sliding irreversibly down to the level of Third World countries. That would mean a profound pauperization of Polish society—and especially employees of state industry; farmers; and the majority of people employed in the public health service, education, and culture. Compulsive adherence to the present economic policy must lead to an increase in social conflicts, whereas the temptation to apply solutions involving the use of force generates even today a tendency to substitute authoritarianism for democracy. However, what we propose, instead of a reform through ruin, abandonment of social welfare provisions worthy of the 20th century, and the threat of an authoritarian dictatorship, is not a list of demands but predominantly an alternative economic strategy. Its main elements are as follows:

1. The government should waste no time in launching a rescue operation to salvage enterprises threatened with bankruptcy but potentially viable if restructured. While they are being subjected to special restructuring processes, according to a proposal elaborated by Professor J. Mujzel, the payment of dividends should be suspended and bank loan payments deferred, and in addition government guarantees should be granted to secure credits for technological modernization and a change of production profile. As regards the sale of shares, a proportion of the revenues should be used to replenish enterprise funds.

2. As regards the state's financial policy, we should move toward operations which will stimulate demand and production. To this end we should considerably reduce interest on loans and expand the range of loans on offer (according to the proposals put forward by Professor S. Kurowski). The monopoly-derived practice of progressive price hikes, which could return along with an increase in demand, should be curtailed by punitive anti-inflation taxation; this would stem progressive price increases analogously to the effect that the "popiwek" [tax on wages above the normative limit] has on progressive wage increases. The popiwek tax should be moderated and gradually eliminated, but while it is still binding, it must apply equally to state enterprises as well as commercialized and private companies. It is also necessary to reinforce the system of customs tariffs to protect Polish industry and agriculture against excessive imports. Moreover, we must put a stop to generous state subsidies expressed through tax and customs tariff concessions on the astronomical profits made by private importing firms.

3. The invigoration of industrial production and imposition of tax on the private commerce and hard currency trading sectors should be instrumental in restoring a healthy budgetary income. Funds secured in this way should be allocated primarily to meet the state treasury's debt liabilities with respect to free medical treatment, education, and the subsidized public housing sector. We—that is, the Polish public—simply cannot afford to reduce the state's obligations in these areas any further, nor can we afford to have them subjected to "marketization." However, once the most basic and elementary needs have been met, we should immediately channel all additional budgetary income to finance state intervention in the economy. The government must prepare a program of modernization and restructuring of Polish economic potential, since it is already apparent that this will not be achieved with the help of self-regulating market mechanisms. Particular assistance and support should be given to ensure development of those enterprises and sectors which distinguish themselves by the high share of skilled labor in production costs or by relatively modern (or relatively easily modernized) production technology. In addition, it is necessary to offer support to our light industry, small and medium-scale manufacture, agricultural food processing industry, and agriculture itself. Their development should be assisted—even as we find budgetary funds to do so—by tax concessions and allowances, low-interest loans and credit guarantees, government orders, investments financed by the State Treasury, and sometimes also subsidies. One of the most urgent tasks of Polish foreign policy is to reach an agreement with our former CEMA partners on new forms and financial instruments of renewed cooperation which would enable us to return to Eastern markets.

As regards the rural sector, continuation of the present "reform through ruin" would result in the destruction of a major proportion of family farms and agricultural businesses and a weakening of the rest through reduced demand and the consequences of the state's continued inaction. We have no farmers capable of taking over and restoring production in agricultural businesses on the brink of collapse, nor do we have jobs or housing for the millions of people pushed out of the rural sector. In the majority of developed Western countries agriculture is subsidized by the state in a variety of ways. We will have to do it in Poland, too, even as we amass sufficient budgetary funds. We are in favor of subsidies designed to

reduce the high price of staple food products, which is responsible for inadequate nutrition among the poorer social groups and which limits demand on the domestic market, bringing it well below the production levels of which our agriculture is capable. Our position is underpinned equally by the need to save our domestic agricultural economy from crisis and destruction and by our favored option for a future social system: We do not want to allow polarization of our society into two extreme groups of the wealthy and the indigent.

Our position on the question of privatization is also determined by social and pragmatic reasons. Privatization should be a means whereby the State Treasury, enterprises, and work forces alike benefit financially; it should not be an overriding goal which will be pursued regardless of the economic calculation of costs and profits in the name of building a superior state system. Neither social nor political engineering (pursued in the guise of "the building of capitalism" and the determination to create a currently nonexistent "middle class") should be allowed to chart the course of the state's policy, since that would be tantamount to subjecting real social and economic interests to the dictates of the new ideology. Nowhere in the world has capitalism ever been purposely "built"; the very idea constitutes a kind of inverted communism. It is sufficient not to interfere with the changes in the system which will occur naturally under the pressure of the practical requirements of the economic life of the country. And if we are to talk about ideal systems, then the practice of the Scandinavian countries, the FRG, or France—where the requirements of a modern market economy are made compatible with those of a social policy which markedly reduces the scale of social inequality—seems far more attractive to us than all the models of 19th-century capitalism recommended by proponents of present-day liberalism. These models are followed today mainly in the Third World, with the worst possible consequences. We do not want such consequences for Poland.

Prime Minister Roman Views Political Scene

AU0108083991 Bucharest AZI in Romanian
25 Jul 91 p 3

[Interview with Prime Minister Petre Roman held "on behalf of the newspaper's readers and editorial board" by Lucia Verona, Corina Cretu, Irinel Radulescu, Liana Sega, Adriana Tiganila, and Sorin Mihailescu, in Bucharest on 22 July]

[Excerpts] [AZI] Some time ago you said that the press is like a mother-in-law. Does this apply to the newspaper AZI, too? If not, what kind of relative is it to you? What is your opinion of it?

[Roman] That qualification does not apply to AZI. To stick to the metaphor, AZI is like a brother to me. Of course I am biased, but then I love AZI.

[AZI] When did you realize that you might become prime minister?

[Roman] Never. [passage omitted]

[AZI] Do you believe you will have the power to achieve what you have started? Do you fear failure?

[Roman] I must have the power to achieve what we started. There can be no doubt about that. I am not afraid of failure. At most, it will be strictly my personal failure. However, this has nothing to do with our goals. I must have this power, since there is no going back. [passage omitted]

[AZI] Do you consult with President Iliescu when important decisions are at stake?

[Roman] Yes. And quite often.

[AZI] Are you aware of the fact that the Iliescu-Roman team has become a symbol and that electoral success depends on this team?

[Roman] This has long since been a reality, therefore, the question should have been whether I have any doubts about this. Well, I have no doubts whatsoever.

[AZI] If you had not been emotionally tied to the FSN [National Salvation Front], would you have been a Liberal? Or maybe, you would have opted firmly for social-democracy?

[Roman] No, I would not have been a Liberal. I would not have chosen to be a Liberal, because I am still a left-wing man, of course, in the modern version of the choice. Therefore, the orientation toward the market economy is a fact, a scientific result, so to say, of assessing reality as it is. Liberalism had its favorable periods. We, however, claim that society needs instruments of redistribution that can ensure greater justice. [passage omitted]

[AZI] Andrei Plesu is perhaps the most controversial member of the government. He is challenged by the opposition for belonging to the government and by part of the FSN supporters for certain displays of independence. I know that you have often been put under pressure to dismiss him. What can you say about this?

[Roman] About Andrei Plesu I should say several things. First, Andrei Plesu has fully accepted the position of member in an FSN government. He has said it in his public appearances at home and abroad, and has behaved accordingly. This is a very important thing, which proves his moral standing vis-a-vis the FSN Government. Second, he is a man who has worked for culture and has come under fire—only he knows what kind of fire!—from all sides, including from the daily AZI, and not always for sound reasons; from the extreme that I should probably call the extremist extreme, such as ROMANIA MARE and others; and even from those who somehow consider him as one of theirs. But he did not budge. Therefore, all I can say about him is that his place in this government has been assured in an honest, correct, and deserved manner.

[AZI] Do you believe that the danger these days comes from the right or the left of the political spectrum? You said that there is no room for the PSM [Socialist Party of Labor] in the Charter for Reform. Do you trust the loyalty of the signatories of the Charter?

[Roman] There are several dangers. Unfortunately, this is the truth. There is the danger of that extreme that begins to resemble the former extreme right in Romania between the two world wars. There is such a danger; not very big, not very serious, but it exists. Then there is the organized resistance or simply the resistance of those longing for the times when they were big and strong and had many privileges; they are still thinking of what they would do if...; hence, the danger of a truly socialist, neocommunist type, and so forth. This danger exists because the country is faced with known difficulties; hence there are dissatisfied people—people who are simply dissatisfied, without thinking of the real situation and the causes of this dissatisfaction; and there is also real dissatisfaction, because the economic measures adopted were bound to produce some hardships, as well. However, the Charter is a positive thing that proves there are also other political forces in this country which support our program, and this is good.

[AZI] Do you think that other parties will also adhere to the Charter in the near future?

[Roman] It is hard to say. Right now, we, those who have joined it, are quite happy with the current situation.

[AZI] Do you still keep advisers from the old apparatus?

[Roman] Yes. There are two such people: Mr. Caranfil and Mr. Patan, both of them people of great professional and moral probity. I defy anyone to make any real accusation against them. Even for their activity before the revolution. [passage omitted]

[AZI] When are you going to take more energetic measures against extremist, chauvinistic, and anti-Semitic publications?

[Roman] You want to know when? Well, when we have a legal instrument for that.

[AZI] So, there is need for a press law?

[Roman] Yes, a press law or maybe a law on banning any incitement to racist hatred and so forth. There is no need for a press law if the other laws we adopt are right. Then, articles like those published by EUROPA would automatically fall under the authority of such laws, which should stipulate most severe punishments. You will see how fast an end is put to such a miserable situation. [passage omitted]

[AZI] There are rumors that you will go to the United Nations.

[Roman] I heard that one. What should I do there?

[AZI] What is your opinion about the Civic Alliance turning itself into a party? Do you believe in the danger that the difficulties connected with the reform, on the one hand, and the reaction to the right-wing opposition's campaign, on the other hand, may lead to a massive vote for the PSM?

[Roman] After making a big hullabaloo about never turning itself into a party, the Civic Alliance has finally done just that. Well, maybe it was only natural that this should happen. This mixture, the melange of the choices of the people making up the Civic Alliance, entitles me to say that the Alliance does not really represent a political trend in the Romania of today. To say, as its representatives claim, that the Alliance is the only political current that represents a break from the old system, is ridiculous. Therefore, I would advise them to develop a more substantial political framework for themselves—which would be good, since any structuring of the political life, hence party life, too, in Romania is welcome. There is no doubt about that. A massive vote for the PSM? I have yet to see the proper meaning of their political activity. Many stances are expressed in the name of this PSM, but I cannot yet see their political leanings. Judging by the way it has been set up, there are many question marks about its democratic nature. What does "social market economy"—as they call it—mean? It is something very vague. Is that a sort of market socialism? Who might be their allies? Therefore, I do not believe in a massive vote for the PSM. [passage omitted]

Minister Severin on Parliamentary Crisis

AU0108100891 Bucharest ROMANIA LIBERA in Romanian 26 Jul 91 p 4

[Interview with Adrian Severin, minister for reform and relations with parliament, by Sorin Rosca-Stanescu; place and date not given: "The Confusion Started From the Senate Leadership"]

[Text] [Rosca-Stanescu] Mr. Adrian Severin, tell me honestly, did you foresee the parliamentary crisis?

[Severin] My opinion is still that we are not facing a parliamentary crisis, but rather a political incident with known implications. However, I can say that I did not foresee the events we are now confronted with. I never believed that the political parties, and I am mainly talking of the liberal ones, could go so far with their hostility to this law [privatization bill] as to withdraw from parliament, especially since—together with the specialized commissions and in an atmosphere of absolute sincerity—we tried to improve the conditions of this law.

[Rosca-Stanescu] It is said that prior to the parliamentary debates you had said that you want to hear nothing but the "rustling" noise of hands raised to endorse the reform. Is this true, Mr. Severin?

[Severin] This was a joke I made with quite a lot of people around. I asked the members of the Front's [National Salvation Front] parliamentary groups to try to clarify their problems within the specialized commission before coming to the rostrum. What I wanted them to do is to clarify the meaning of certain articles of this bill beforehand. That is why I jokingly said that nothing but the "rustling of voting hands" should be heard in the hall. There has to be a certain coherence and order within the parliamentary group of the National Salvation Front [FSN]; on the other hand I thought that debates should not be burdened with useless discussions.

[Rosca-Stanescu] Was this the reason for the very trenchant statements made by deputy Buruiana both when she left the parliament and afterward?

[Severin] Such confusion originates from the Senate leadership. State democracy is one thing and party democracy another. To say that a party is a totalitarian party means to say that that party rules out parliamentary discussion. The National Salvation Front advocates a multiparty and parliamentary system.

[Rosca-Stanescu] Does the government feel guilty for the parliamentary crisis?

[Severin] No. In no case. There is absolutely nothing to reproach ourselves. Even after we had clarified our first ideas we organized contacts with the representatives of all parties. There were several such rounds of contacts.

[Rosca-Stanescu] Why do you believe that it is absolutely necessary to pass this law now, before the parliamentary vacation?

[Severin] Here are just a few arguments: A political calendar that includes an economic stabilization program is indispensable as are measures for a uniform exchange rate, and so forth. We have to divide the normal organization of our society into stages. In the fall we have to make very great efforts to achieve a uniform exchange rate, which implies a number of things that have to be studied, prepared, and applied. We also have

a political program on local elections. The organization of local elections depends on the adoption of the local administration law and on the local election law. It is known that for purely technical reasons, if you will, no country organizes local elections in the winter. For it is more difficult and more expensive. There is a risk that not many people will come to the polls. We have to definitely introduce those two laws beginning 1 September. We have to organize local elections by the end of the fall.

[Rosca-Stanescu] How does the government defend itself against the accusation that from among the numerous foreign experts it could consult to formulate the draft reform law, it chose exactly those who are cooperating with the CRESCENT company?

[Severin] We noted in yesterday's ROMANIA LIBERA that we are accused of such a thing. I can tell you that no contact has ever been established with the CRESCENT company. Neither has it been proved that the CRESCENT company maintained relations with the former Securitate. The company that owns shares in the CRESCENT company is Coopers and Lybrand from Great Britain while we ourselves worked with Coopers and Lybrand of the United States and with Coopers and Lybrand International. The fact that they have a common name does not necessarily indicate a close link between what all the branches of the company with the same name do. We received offers from many companies at that time. We compared them but did not put them up for what is termed public auction. Such an operation would have taken months and months. For the man in the street, the sums of money we paid may be steep, but for us—that is what we thought—the costs were low. Finally, this company undoubtedly enjoys an international reputation; it is one of the front-ranking companies in this area. The privatization of the socialist countries is not exactly a specialty of Western countries.

[Rosca-Stanescu] Does the government enjoy enough credibility to carry out a reform in Romania?

[Severin] I think so. And I also believe that the government is gaining in credibility.

[Rosca-Stanescu] Who is your number one adversary on the question of reform: The opposition or a group led by Mr. Alexandru Barladeanu?

[Severin] There are some people who look to a closer future and who think about the restoration and preservation of realities that have not been changed yet. This law would establish an irreversible course of changes. Therefore, I believe that those people are the most dangerous ones.

[Rosca-Stanescu] In his attacks against the government, Mr. Alexandru Barladeanu pleads for the principle of separating powers in the state and speaks out against the interference of the chief executive in parliamentary activity.

[Severin] We cannot talk about any government interference in parliamentary activity. These are just empty words. Those who use them should demonstrate that they are true. This is a diversion.

[Rosca-Stanescu] Could it be that the meeting point of the two trends that contest the privatization law is the 30 percent [in public ownership] that would be conducive to a re-nationalization of the economy?

[Severin] Not at all. The 30 percent do not represent the privatization percentage. They represent the percentage up to which the privatization process is free of charge, while the rest will take place in accordance with the rules of the market economy law proper. The liberal-oriented parties should ask us to sell everything. But we have to enable the population to secure their own capital. One of the conservative groups neither wants the 30 percent nor the 70 percent. A conservative group wants us not to grant anything.

[Cretu] One last question. In deciding to discuss and endorse this draft bill without the opposition being present, does the Front not assume too great a responsibility? Does it formulate a reform only for part of Romanian society?

[Severin] We may talk of a risk. However, it is minor because we have borne and are bearing in mind the views of the parties that left the parliament. Mind you, the privatization bill does not represent the whole reform, it is just one part of this reform. The political decisions of this process had been adopted before by the whole parliament.

Nastase, Moldova's Tiu Discuss Border Checkpoints

AU3107192191 Bucharest ROMPRES in English 1821 GMT 31 Jul 91

[Text] Bucharest ROMPRES, 31/7/1991—On Wednesday the foreign affairs ministers of Romania and of the Republic of Moldova, Adrian Nastase and Nicolae Tiu, visited the future checkpoints between the two countries at Stinca-Costesti, Sculeni-Sculeni, Cahul-Oancea, Giurgiulesti-Galati on the two banks of the Prut.

The two dignitaries accompanied by groups of experts analysed the concrete possibilities of the works to be done, the ways by which they could be finalized in a shorter time.

In a statement made to the ROMPRES news agency Adrian Nastase showed that during the meeting "an important step forward was made because we were able to identify the obstacles and to surmount them."

Expressing his hope that the works at those checkpoints would be rapidly made although in the beginning no ambitious constructions could be built, the Romanian minister stated: "We should start this process proving the necessary political will. The moment will be very

important and it will show that our relations are not only at the level of abstract relations, they proving we can be wise in pursuing a certain policy and strategy in practical details." [sentence as received]

In his turn Nicolae Tiu appreciated that "the discussion about these new checkpoints began to remove the existing barriers." He added that "the finalization of the works has special significance, taking into consideration only the fact that the new checkpoints shorten the distances between various settlements on the two banks of the Prut."

Dohotaru Regrets 'Unfavorable' Image Abroad

AU3107163191 Bucharest ROMPRES in English 1545 GMT 31 Jul 91

[Text] Bucharest ROMPRES, 31/7/1991—In an interview to the ROMPRES NEWS AGENCY Adrian Dohotaru, under-secretary of state at the Ministry of Foreign Affairs, recently returned from a tour to the U.S.A. and Canada, admits that Romania's image abroad is unfavourable caused by the way in which we acted and spoke about ourselves. After so many years in which we were forced to be silent we found ourselves in the situation of being able to say everything we could not say before, Mr. Dohotaru showed, and we started by reproaching one another various things, by refusing a dialogue, by expressing only one's own point of view. In its turn, the foreign press focused only on the sensational, sometimes even morbid events in our life.

As far as foreign officials' and politicians' opinion on Romania is concerned, Mr. Adrian Dohotaru showed that they had in general a more realistic opinion than the image presented by the mass media in various countries. But the public opinion in any country is influenced by the mass media points of view, and the wrong impression is very difficult to change, Mr. Dohotaru also said showing that, unfortunately, Romania is not prepared for something like that. The structure of our propaganda abroad is just taking shape.

Speaking about the Romanian Diaspora, Mr. Adrian Dohotaru underscored its unity. But it is sad that we cannot initiate a continuous dialogue with them and inform them permanently on what is happening in Romania, he emphasised and stressed the necessity to regain their confidence.

'Consternation' Over U.S. Congress Resolution

AU3107201191 Bucharest ROMPRES in English 1836 GMT 31 Jul 91

[Text] Bucharest ROMPRES, 31/7/1991—The Foreign Affairs Commission of Romania's Parliament gathered on July 31 learned "with sorrow and consternation" about the content of the U.S. Congress resolution condemning the resurrection of antisemitism and ethnic intolerance in Romania.

In a resolution sent to ROMPRES, considering that the assessments in that document "rely on highly distorted information" the commission "decides to submit for consideration to the plenum of the Parliament all the questions dwelt upon in the aforementioned resolution.

The document is signed by the deputy chairmen of the commission, Dumitru Caloeanu, National Liberal Party, and Ioan Timis, National Salvation Front.

Price of Basic Foodstuffs Have 'Soared'

AU0108093791 Bucharest ROMPRES in English 0800 GMT 1 Aug 91

[Text] Bucharest ROMPRES 1/7/1991—Pension rises were announced by Prime Minister Petre Roman at the beginning of this week. He himself acknowledged a few weeks ago that retirees, particularly those with very small pensions, had been submitted to enormous pressure after the price liberalisation and, consequently, the government had to take immediate measures. The government spokesman quoted the premier saying that minimum pensions would reach 3,700 lei, i.e. 75 percent of the present lowest salary. The spokesman added that the average pension would be of 4,990 lei. A compensation of 1,470 lei will be added to these figures, granted by the government in April 1991, when price controls were first lifted.

Prices of basic products, primarily foodstuffs have soared. The price of cheese and meat varies between 150 and 300 lei the kilogram, that is 25 up to 12 percent of the increased minimum pension. Vegetables are equally very expensive, tomatoes cost 40-50 lei, egg plants 80 lei, potatoes, between 20-30 lei the kilogram. In exchange, the price of electric power for the population was kept at two lei for three kws and that of the rent of lodgings at a few hundreds lei.

Federal

Presidency Member Sees Threat of General War

LD3107143891 Belgrade TANJUG Domestic Service in Serbo-Croatian 1249 GMT 31 Jul 91

[Text] Skopje, 31 Jul (TANJUG)—The threat from a general war is growing. This was said today by SFRY Presidency member Vasil Tupurkovski during his speech to the deputies of the Macedonian Assembly, on the country's current political and security situation.

The reference is no longer to the conflicts that can be confined to a limited area; we are approaching an assessment about a general conflict. The mounting number of casualties and the irrational logic that we should become reconciled to these facts, according to Tupurkovski, are grounds for this assessment.

An increasing number of citizens are getting armed, and I fear that we are beyond the point when those who represent authority can control these conflicts. The lull in the talks on the future settlement of relations in the country also reinforces this assessment, Tupurkovski believes.

There is less and less will to prevent conflicts. The SFRY Presidency session yesterday, during which, under a variety of pretexts, the instrumentalization of the cease-fire in Croatia was procrastinated with was in the same vein, said Tupurkovski.

Government Session Discusses Economic Issues

LD3107204891 Belgrade TANJUG in English 1809 GMT 31 Jul 91

[Text] Belgrade, July 31 (TANJUG)—The European Community is ready to defreeze economic aid to Yugoslavia and continue talks on its future status in the EC as soon as peace is established and talks on future relations in the country begin, the Yugoslav government said at its session on Wednesday.

The government reiterated its commitment to the preservation of Yugoslavia built on new, democratic foundations, which would enable its normal joining European trends, it was announced.

The govenment ordered competent organs to take all measures necessary for resuming regular air traffic in the country in cooperation with the republican governments.

The federal government proposed that representatives of the governments of the Yugoslav republics of Serbia and Croatia urgently meet with those of the Yugoslav railway community to agree on resuming normal traffic on the Belgrade-Zagreb trunk line.

The government announced that it would take all necessary measures for the security of traffic, passengers and staffs, and prevent unauthorized stopping of trains on the Belgrade-Zagreb line, which has taken place repeatedly since interethnic clashes broke out in the border regions between these two Yugoslav republics.

International

EC 'Advance Party' Arrives in Belgrade

LD3107133491 Belgrade TANJUG Domestic Service in Serbo-Croatian 1151 GMT 31 Jul 91

[Text] Belgrade, 31 Jul (TANJUG)—A team of senior ranking EC officials, led by Henry Wynandts, the Dutch ambassador in Paris, arrived in Belgrade today. They are the advance party of the EC "troika" who are scheduled to arrive on Friday. It is understood unofficially that the "troika" will first go to Zagreb and will be in Belgrade on Saturday.

As far as the advance party is concerned, they should prepare the ground for the "troika" and this mainly means to secure a cease-fire in Croatia. It has been stressed in well-informed Yugoslav sources in this connection that there is little likelihood that the advance party will manage to do that, because the cease-fire can only be secured by the state presidency, the Yugoslav People's Army, and Croatia.

During their latest visit the Dutch, Portuguese, and Luxembourg foreign affairs ministers are expected to make an attempt to achieve something they had not been able to do during their preceding three visits; that is, to persuade the main protagonists of the Yugoslav crisis, to whom they will be talking on Friday and Saturday, to comply with the Brioni Declaration and the memorandum of understanding regarding the EC observer mission. It is taken for granted that the "troika" will officially inform the state presidency on the extension of the observer activity to Croatia as well.

In this context, special attention is drawn to the EC proposal on the establishment of joint patrols to operate in Croatia. A figure as large as 500 EC observers who will be incorporated in this mission has been mentioned. The incorporation of people from Poland, Czechoslovakia, and Canada in the mission is also anticipated.

The most important issue for the EC at this moment is that the observer mission should arrive in Croatia "on time" and that a cease-fire should be arranged and consolidated. Of course, it is of exceptional importance that an agreement be reached during the three-month moratorium on the normal functioning of the state.

Mesic, EC Envoys Discuss Situation in Croatia

LD3107190291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1811 GMT 31 Jul 91

[Text] Belgrade, 31 Jul (TANJUG)—President of the SFRY Presidency Stipe Mesic has received an EC delegation, headed by Ambassador Henry Wijnaendts. The

delegation arrived to our country today in advance of the EC Troika mission, which is due to arrive on Saturday.

The SFRY Presidency's Information Service said that talks concentrated on the current situation in Croatia and the question of whether to expand the EC observer mission to Croatia. At the same time, it was stressed that it is necessary to urgently prevent further bloodshed and violence in Croatia and that this is a precondition for further EC involvement in the resolution of the crisis in our country.

Vice President of the SFRY Presidency Branko Kostic also received the EC envoys. He briefed his collocutors on the current SFRY Presidency activities regarding cease-fire and the establishment of peace in Croatia. Vice President Kostic voiced expectations that the EC will invest efforts in implementing an agreement on the resolution of certain aspects of the crisis in our country.

Austria, Germany Implicated in Arms Supply

AU3107195791 Belgrade RTV Sat TV in Serbo-Croatian 1730 GMT 31 Jul 91

[Interview with Milan Drecun, NARODNA ARMIJA military-political commentator, by Dragan Milutinovic; place and date not given—live or recorded]

[Text] [Milutinovic] The Croatian leadership is intensively acquiring arms and preparing for a final showdown with the Yugoslav People's Army and the Serbs in Croatia.

Comrade Drecun, you have obtained some new information.

[Drecun] Yes. A large shipment of arms and military equipment should arrive in Croatia from Austria in the course of next few days. We are talking about the 1,500 anti-aircraft missile systems, Stingers worth $100 million, and about 1,500 missiles. We are also talking about the 5,000 anti-tank missiles Milan of the Italian make and 15 million 5.6 mm bullets.

An Austrian firm, Industry Enterprise, which is involved in trade, arms, and military equipment, whose owner is Tomas Tomacek, in the middle of this month stored 62,000 100 mm mortar grenades in its warehouses in Altenburg from where it plans to send them to Croatia. The Croatian armed forces are equipped with these grenades.

[Milutinovic] Arms cost. Who will pay for them?

[Drecun] There is obviously a foreign connection for paying arms purchased by the young Croatia democracy.

A German firm, (Kemperman) Trade Corporation, whose owner is Daniel Walden, a German of Yugoslav origin, is in the direct contact with an archbishop in the Vatican, (Marcikus). This archbishop is known to have participated in many affairs involving the purchase and smuggling of arms. The owner of the firm has been asked to help the young Croatian democracy and President Tudjman personally on behalf of Germany and the Vatican.

Regarding Germany and the sale of arms to Croatia, one should say that the government of Croatia intends to buy about 15,000 pistols to arm members of the Ministry of Internal Affairs of Croatia and the National Guard. A German firm, Wolfgang, offered the Croatian government a delivery of Chinese pistols, the (Long Nine), which cost about $110 a piece, then, the Soviet made (Nogan), which costs $130, and a Czech made pistol, the M76, which costs $250.

[Milutinovic] How will these arms enter Yugoslavia?

[Drecun] I would say that these arms will enter in an uncontrolled way. A Croat government minister, Hanzekovic, called a meeting a few days ago of all heads of custom offices in Croatia. At this meeting he handed out instructions on how the control of custom offices should be transferred to Croat hands. They obviously intend to import arms over the border, over their border crossings, legally, without informing the competent federal authorities.

Slovenia

Rupel Explains Independence Proposals

LD3107202991 Belgrade TANJUG Domestic Service in Serbo-Croatian 1741 GMT 31 Jul 91

[Text] Ljubljana, 31 Jul (TANJUG)—Slovenia has achieved the essential elements of state independence, and it cannot turn back. This is one of the things that the republican Minister (Slovene) for Foreign Affairs Dimitrij Rupel stressed at a news conference today in Ljubljana. He himself presented the proposal "for bargaining between Slovenia and Yugoslavia, taking into account the role of the European Community," Rupel pointed to the efforts of Slovenia to prove itself as a respectful and confidential partner in international relations.

In explaining its relations with Yugoslavia, Slovenia will try to convince the European Community that the independence of the new Slovenia is a factor of long-term stability in the Balkans. It can serve as a model of a gradual adjustment, and the inclusion of a Yugoslav area into the processes of European economic and political integration. Therefore, Slovenia could become, Rupel proposes, "an interzone for bridging the differences between Western Europe and southeast Yugoslav. At the same time, Slovenia presents the territory of the former Yugoslavia as divided into various belts, which have suited the proposals of the Yugoslav republics so far, and the expectations of the international community."

"Slovenia does not want to achieve its independence at the expense of the disintegration of the rest of Yugoslavia," Rupel added. "But it wants to become a neutral state, which needs its own territorial defense because of

the sensitivity of its position in the region. It has its own foreign policy, which will in the future be coordinated on the European level," Rupel stressed. He also indicated that Slovenia will soon appoint its new representative in Washington. He will be Ernest Petric, the former SFRY ambassador to India.

Assembly Outlines Negotiating Position

LD3107214591 Belgrade TANJUG Domestic Service in Serbo-Croatian 2018 GMT 31 Jul 91

[Text] Ljubljana, 31 Jul (TANJUG)—The joint session of all three chambers of the Slovenian Assembly tonight elected a 12-member "delegation of the Slovenian Assembly for cooperation in the Federal Assembly. This action is related to the negotiations on implementing the procedures for the disassociation of the present Yugoslavia. It is also related to the talks on the possible formation of a community of sovereign states on the territory of the present SFRY."

Lojze Peterle, prime minister of the Slovenian Government, said: "The Brioni Declaration obliges the signatories to negotiate on the future of Yugoslavia; these negotiations ought to begin on 1 August." In the interest of further cooperation, Peterle said, Slovenia has left the door open for an agreed regulation of all questions. "Instead of an answer, however, it got military aggression signed by the prime minister of the Federal Government." This fact worsened the already affected relations in Yugoslavia, Peterle said, emphasizing that Slovenia is ready to negotiate only as a sovereign entity, with an internationally legal identity, with those partners who accept and implement the European standards of respect for human rights.

Peterle also said that "Slovenia is prepared to allow the right of full use of the name of Yugoslavia for those who would like to get together under this name and to recognize this community reciprocates in the same manner."

"Slovenia is interested in creating conditions for a lasting peace and cooperation on the territory of former Yugoslavia on democratic bases, which is also the basis for the inclusion into the European integration processes," Peterle said.

Dr. France Bucar, president of the Slovene Assembly, emphasized that the Slovenian Assembly should meet as soon as possible and adopt the starting standpoints for further negotiations.

Assembly Statement on Croatia Events

LD3107165291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1539 GMT 31 Jul 91

[Text] Ljubljana, 31 Jul (TANJUG)—All three chambers of the Slovene Assembly have adopted a statement "On Events in the Republic of Croatia" which, among other things, says that "the events in the neighboring Republic of Croatia, in which the Yugoslav army and Greater Serbian politics are playing an active part, are reaching the dimensions of a war of conquest, which people in Europe believed to have been overcome, viewed as a thing of the past." The statement goes on to say that "human rights and basic freedoms have been flagrantly violated, even those which are not permitted to be restricted in wartime conditions."

"Burned villages, a population expelled from their own homes so that single-nation territories can be established, threats to and murder of civilians, and even their massacre, are indications of genocide," the statement stresses.

"From the point of view of international and humanitarian law and European standards of civilization it is impermissible," according to the Slovene assembly deputies, "to threaten and destroy hospitals, schools, and kindergartens and also to attack medical personnel at a time when they are helping the wounded; this means that the aggressor is not too choosy when looking for targets."

The statement also stressed that "it is high time that this conduct, which represents the preservation of the system of real socialism by force, is prevented." The European public is appealed to "to display all its influence and provide corresponding resources, if it cannot be done in any other way, so that the conflagration on the territory of the Croatian state, which is also directed against the democratically elected Croatian authorities, can be stopped forthwith."

Slovenian Goodwill Mission's Tasks

LD3107210191 Belgrade TANJUG Domestic Service in Serbo-Croatian 1726 GMT 31 Jul 91

[Text] Ljubljana, 31 Jul (TANJUG)—A goodwill mission of the Republic of Slovenia, headed by Dr Dusan Plut, member of the Presidency of the republic, will visit Macedonia on 5 August. Afterwards, the group will visit Bosnia-Hercegovina. The initiative to hold talks between the members of this Slovenian mission and the highest representatives of the state organizations and political parties was also accepted by the Croatian leadership.

The statement for the public, however, does not say what kind of replies have been received from other republics.

As emphasized by the republican Ministry of Information, the goal of the mission is "to facilitate the solution of problems in Yugoslavia and the process of achieving the independence of Slovenia by peaceful and democratic means. During the talks, the mission will outline the position of the Republic of Slovenia as regards the achievement of its autonomy and independence and exchange views on a comprehensive solution of the Yugoslav problem."

Among other things, the aim of the mission is "to link Slovenia with other Yugoslav republics on a realistic basis and to establish the possibility of a Yugoslav economic community of sovereign states." According to

the aims of the mission, the members will strive for wider internationalization of the Yugoslav flashpoints of crisis and for a comprehensive acceptance of a non-violent manner of solving conflicts with the help of the new CSCE mechanisms.

Croatia

Tudjman: War Preparations Must Continue

LD0108101691 Belgrade TANJUG Domestic Service in Serbo-Croatian 0904 GMT 1 Aug 91

[Text] Zagreb, 1 Aug (TANJUG)—"We must continue with preparations for an all-out war, unless it can be averted," Croatian President Franjo Tudjman has told the Croatian Assembly.

Speaking at an emergency session of the Assembly, Tudjman stressed that he will do everything to avert such a war.

The Croatian president stressed that so far, the Croatian Defense forces have not attacked Army units because they Army made it clear that it recognizes the democratically elected government in Croatia and that will accept any political solution to the Yugoslav crisis. Tudjman accused "some Army units" of collaborating with rebels in Croatia.

"We have issued an order to our units not to provide any pretext for a military intervention," Tudjman said. "Top military officials have reassured us that the Army has not acted against the Croatian authorities without being provoked. We are, however, aware that we must resist further conquest of the Croatian territories," Tudjman warned.

"If parts of the Yugoslav Army side with the Serbian outlaws and the Serbian war of aggression, our forces will oppose them," the Croatian president said.

Federal Representatives To Remain

LD0108101391 Belgrade TANJUG Domestic Service in Serbo-Croatian 0914 GMT 1 Aug 91

[Text] Zagreb, 1 Aug (TANJUG)—While the process of dissociation is under way, Croatia will not withdraw its representatives from federal bodies, Croatian President Franjo Tudjman has said.

Speaking at today's emergency session of the Croatian Assembly, Tudjman said that some of the federal ministers had expressed readiness to return to Croatia and that many in Croatia had called for Stipe Mesic to be recalled from the Federal Presidency. Tudjman said that Croatia would not do this for as long as there was a chance for a peaceful solution to the Yugoslav crisis.

Not Enough Arms for Mobilization

LD0108094491 Belgrade TANJUG Domestic Service in Serbo-Croatian 0836 GMT 1 Aug 91

[Text] Zagreb, 1 Aug (TANJUG)—"We have decided to mobilize the reserve forces of the Ministry for Internal Affairs and the National Guard to the extent to which we are equipped to do so," Croatian President Franjo Tudjman said in his address to an emergency session of the Croatian Assembly today.

Answering his own question of why he failed to call for a general mobilization, Tudjman said: "We do not have weapons and military equipment for such a mobilization."

Tudjman informed the deputies that he wanted to purchase arms abroad, but "it was not easy." The general attitude in the world was that Yugoslavia should be preserved, and, hence, arms sales to republics, especially Croatia, were banned.

"We have called on the entire nation to organize self-defense units," the Croatian president said.

Accuses Serbia of Waging War

LD0108091891 Belgrade TANJUG Domestic Service in Serbo-Croatian 0749 GMT 1 Aug 91

[Text] Zagreb, 1 Aug (TANJUG)—The Republic of Serbia is waging a war of aggression against the Republic of Croatia through its components in Croatia, Croatian President Franjo Tudjman said at an emergency session of the Croatian Assembly. Tudjman accused Serbia, official representatives of the Republics of Serbia and Montenegro, and "some parts of the Army" of waging a war of aggression against the Republic of Croatia.

Tudjman Adviser Advocates Serb Autonomy

LD3107180791 Belgrade TANJUG in English 1640 GMT 31 Jul 91

[Text] Belgrade, July 31 (TANJUG)—Zvonimir Lerotic, who is a close advisor to Croatian President Franjo Tudjman, has announced that Serbs in the Yugoslav Republic of Croatia will be offered political and territorial autonomy, the Belgrade daily POLITIKA reports today.

POLITIKA says that Lerotic, at yesterday's meeting in Croatian parliament with representatives of opposition parties from Croatia, presented a document which calls for the political and territorial autonomy of Serbs in those parts of Croatia where they make up the majority population.

According to a census conducted this spring, Serbs account for 12 percent of the population of Croatia.

The material presented by Lerotic states that "it is necessary to apply the ethnic criterion in the territorial system of Croatia, as an essential one," POLITIKA

writes. Starting from this, the authors proposed the forming of districts with special status in Croatia in regions where the majority population is not Croatian.

Under this proposal, the districts would be given special authorization in the areas of legislation, police force, administration, education culture...in order to "secure a fuller realization of national equality."

Among these districts the proposal mentioned Kninska Krajina, Banija, Kordun, and part of eastern Slavonija, regions where bloody clashes daily occur between Croatian armed forces and armed Serb civilians.

Pointing out the fact that Lerotic is "one of the most important, if not the most important advisor to Tudjman," the Belgrade daily writes that it is "realistic to expect that the document will be on the agenda of the next parliament session as a proposal for resolving the 'Serbian question.'"

Council Stresses Defense Readiness

LD3107155491 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 31 Jul 91

[Text] Croatian President Franjo Tudjman this morning convened the 20th session of the Supreme State Council, which examined the situation in crisis-ridden areas and related activities.

Despite the fact that the Republic of Croatia expressed its readiness to accept a cease-fire as a first step toward the withdrawal of the Army and to search further for political solutions, terrorist actions by outlaws, who have been joined by some units of the Yugoslav Army, are continuing against defense forces and civilian targets of the Republic of Croatia.

Moreover, [SFRY] Presidency Vice President Branko Kostic, in a warmongering speech delivered in Borovo Selo, where Croatian constables were brutally killed, has further fanned the terrorist activities of outlaws and attacks by the Yugoslav Army on Croatia.

The council paid tribute to the heroism of the members of the Croatian national guard and the Croatian Ministry of Internal Affairs, who, despite being lightly armed, are resisting attacks with courage and making a superhuman effort to restore peace and defend freedom of all citizens of the republic.

A proposal was presented at the session that Croatian bodies should implement the necessary mobilization in crisis-ridden areas and wherever it becomes necessary. The government and the assembly will be asked to adopt urgent measures to step up the defense readiness of the Republic of Croatia, who fled their homes in the face of Chetnik terrorism and army attacks. An obvious aim of such terrorism is to create ethnically pure areas which should be annexed to Serbia.

A proposal was presented that letters should be sent to governments of all member countries of the UN Security Council informing them about the war which has been imposed on Croatia and calling on them to invest their personal authority and reputation of their countries to defend peace, freedom and territorial integrity of the Republic of Croatia, and to set in motion mechanisms for settling disputes in accordance with the UN charter.

Presidency Endorses Proposal on Cease-Fire

LD3107233191 Belgrade TANJUG Domestic Service in Serbo-Croatian 2258 GMT 31 Jul 91

[Text] Belgrade, 31 Jul (TANJUG)—A session of the SFRY Presidency, chaired by President Stjepan Mesic, was held in Belgrade today. The Presidency examined the proposal on a cease-fire in Croatia. The session was attended by the FEC [Federal Executive Council] president, the vice president of the SFRY Assembly, federal secretaries for foreign and internal affairs and for justice and administration, the deputy federal secretary for national defense, and—on the Croatian side—Prime Minister Josip Manolic and Deputy Prime Minister Franjo Greguric.

The SFRY Presidency was reported to have endorsed the proposal on a cease-fire in the Republic of Croatia and the organizations of the Republic of Croatia should make a decision over the next two days. The SFRY Presidency decided, after this, to re-examine the proposed decision and adopt a decision at the next session on Friday, 2 August this year, when all terms of the cease-fire in the Republic of Croatia—contained in this decision—would be determined.

The SFRY Presidency appealed to all warring sides in the Republic of Croatia not to take any measures which would further aggravate the situation and the establishment of peace and thus invalidate the degree of consent contained in the proposed decision on a cease-fire in the Republic of Croatia.

New Government; 'Militant' Ministers Replaced

LD0108093891 Belgrade TANJUG in English 0814 GMT 1 Aug 91

[Text] Zagreb, August 1 (TANJUG)—The militant Croatian defence and interior ministers, Sime Djodan and Onesin Cvitan, have been replaced after only a few weeks in office.

The mandator of the third Croatian Government in the past 14 months, Franjo Greguric, nominated Luka Bebic as the new defence minister and Ivan Vekic as the new interior minister.

Deputy Prime Minister Bernardo Jurlina was replaced and is now the new minister of labour and social welfare.

The government now includes more opposition leaders, so that Zdravko Tomac, the vice president of the Party of Democratic Changes, former Communists (SDP), is now deputy prime minister, Drazen Budisa of the Croatian

Socio-Liberal Union (HSLS) has been appointed information minister and Vladimir Veselica, one of the leaders of the right-wing Croatian Democratic Party (HDS), is now a member of the government without portfolio.

Former rector of Zagreb University, Zvonimir Separovic, has been appointed foreign minister, while Mladen Vedris, the head of the Zagreb city government until recently, is now deputy prime minister in the republican cabinet.

Interior Minister Josip Boljkovac, who was replaced a month ago, is once again a member of cabinet, but without portfolio.

Today's special session of the Croatian parliament will take a vote of confidence in the mandator and the proposed government reshuffle.

Opposition Criticizes Ruling Party

LD3107183191 Belgrade TANJUG in English 1723 GMT 31 Jul 91

[Text] Zagreb, July 31 (TANJUG)—Leaders of eight opposition parliamentary parties in Croatia today accused the ruling Croatian Democratic Union (CDU) of having considerably contributed to the difficult political and security situation in Croatia.

At a meeting with Croatian Parliament President Zarko Domljan, opposition leaders criticized the concept of the defense of Croatia for being set up on a party principle, and expressed dissatisfaction over the, as they said, "postponement of democracy" following the election victory of the CDU.

Urging the strengthening of parliamentary democracy in Croatia, opposition leaders also presented a demand for cutting down the authorization of the president of the republic and the "various influential parastate organs."

Party of Democratic Changes (former communists) President Ivica Racan pointed out in the debate that there is now awareness that some current Croatian political elements can no longer remain in power.

Racan, whose party is the strongest among the opposition parties in parliament, announced that his party would tomorrow vote against the proposal on the reconstruction of the republican government, because, as he said, the proposed changes "still reflect political acceptability, instead of a democratic process and competence."

In the talk, Croatian Parliament President Domljan rejected the voiced accusations, adding that he "understood the dissatisfaction of the opposition which had done badly at the elections."

Daily Warns About 'Tribal Stubbornness'

LD3107123291 Belgrade TANJUG in English 1046 GMT 31 Jul 91

[Text] Zagreb, July 31 (TANJUG)—'Croatia can accomplish its main political goal only by consistent political peace-making and a policy of guarantees for all interests of the Croatian citizens, no matter of which nationality,' the daily VJESNIK, published in the Croatian capital of Zagreb, said today.

'Croatia's state policy must not be taken in by a challenge of being transformed into a mere tribal stubbornness, which is what it increasingly resembles,' VJESNIK warned.

Commenting on the criticism by a section of the Croatian public concerning the policy of the Croatian leadership and President Franjo Tudjman, VJESNIK editor-in-chief Hido Biscevic said it was 'justified and appropriate for democracy that key points and consequences of the Croatian policy's practical implementation be examined.' But, 'objective circumstances in which the strategy has been implemented should also be taken into consideration,' Biscevic added.

Biscevic considered as Croatian policy's original mistake the fact that it had tried to 'treat Serbs in Croatia as a separate body, not as participants in political life.' On their part, Serbs in Croatia 'refused each offer and each initative' coming from the Croatian side, as Biscevic underscored.

'The task of the Croatian leadership and President Franjo Tudjman is to maintain initatives and find instruments for a dialogue with Serbs in Croatia,' Biscevic said.

Tudjman's dialogue with president of the Yugoslav Republic of Serbia Slobodan Milosevic is also justified, Biscevic said, because otherwise 'Tudjman would appear to the world as a politician who does not accept a peaceful political solution to the Yugoslav crisis. This is what the entire west seeks and on the basis of which the western support to Croatia could grow stronger,' Biscevic explained.

Commenting the E.C. ministerial meeting in Brussels, VJESNIK said that 'Europe had maintained the position of a "protector" and 'shifted a great part of responsibility to the authorities in Yugoslavia—federal (which is not new), Croatian (which has already been in circulation) and Serbian (which is a new element of the European peace plan).'

The 'Twelve' have requested Serbia to sign a ceasefire decision, VJESNIK pointed out. 'Serbia can no longer before Europe evade its own responsibility for war and peace in Yugoslavia,' the daily concluded.

Deployment of Interior Ministry Forces

LD3107205891 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 31 Jul 91

[Text] We have just received news from HINA [Croatian news agency] that small units of the Croatian Ministry of Internal Affairs left Hrvatska Kostajnica for Hrvatska Dubica in the afternoon, accompanying several hundred citizens who were temporarily leaving the town fearing fresh attacks by the army and terrorists, while the majority of the ministry forces remained at their positions in the city. According to official sources, part of the ministry forces which accompanied the refugees are returning to Hrvasta Kostajnica to resume their positions for the defense of the city. According to the ministry's official sources, there is not even a mention of these forces having left Hrvatska Kostajnica.

Hrvatska Kostajnica 'Deserted' by Croatians

LD3107144691 Belgrade TANJUG Domestic Service in Serbo-Croatian 1408 GMT 31 Jul 91

[Text] Kostajnica, 31 Jul (TANJUG)—Forces of the Croatian Ministry of Internal Affairs, the Croatian Guard, and the remainder of the inhabitants of Hrvatska Kostajnica left the town a little after 1400 today. We saw the formation of a column of approximately 100 cars and other vehicles in which people were transporting bare necessities and which extended for around 3 km, that is, from Hotel Central to the outskirts of the town near Pounje factory.

The column that left Kostajnica also comprised trucks, buses, vans, and police cars carrying the members of the Ministry of Internal Afrairs and the Croatian National Guards Corps that had controlled Kostajnica.

Before the column set off for Hrvatska Dubica, there was mortar and gunfire from the direction of Cukur hill, which had previously been occupied by members of armed Serbian volunteers. Fortunately, the grenades and bullets did not hit Kostajnica, which is now completely deserted.

Osijek Garrison Command Statement on Explosions

LD0108083891 Belgrade TANJUG Domestic Service in Serbo-Croatian 0626 GMT 1 Aug 91

[Text] Osijek, 1 Aug (TANJUG)—The Osijek Garrison Command has stated that yesterday, in the immediate vicinity of the Narodni Heroj Milan Stanivukovic Barracks in Osijek, as yet unidentified people activated four explosive devices to appear as if the Yugoslav People's Army had opened fire at the Jug Dva suburb in Osijek.

In its statement today, the Osijek Garrison Command explains that experts will confirm that a tank is not capable of firing over highrise buildings at such short range. The command also states that two bullets attributed to the Army were not fired from the barracks.

Vukovar Garrison Command Statement on Mortar Fire

LD0108084391 Belgrade TANJUG Domestic Service in Serbo-Croatian 0621 GMT 1 Aug 91

[Text] Vukovar, 1 Aug (TANJUG)—At 0415 this morning, Borovo Selo came under mortar fire from the direction of Borovo Naselje and the Borovo factory, the Vukovar Garrison Command says in a statement this morning. According to the statement, the National Guard Corps forces and the Croatian Internal Affairs Ministry opened fire. The shells directly endangered the security and lives of Yugoslav People's Army personnel. The Army unit was forced to return fire after several warnings and demands for an end to the shelling were ignored by the Vukovar police authorities.

Benkovac Faces 'Tense' Night With Troops

LD3107212691 Belgrade TANJUG Domestic Service in Serbo-Croatian 2105 GMT 31 Jul 91

[Text] Knin, 31 Jul (TANJUG)—As soon as members of the Yugoslav People's Army Knin corps separated the warring parties in villages in the Skradin region, units of the Croatian Internal Affairs Ministry [MUP] spread the war flames to Benkovac municipality. In the first clashes, which occured this afternoon near the village of Miranje Donje, village defender Zeljkov Alavanja (born 1967) was wounded. The Benkovac information center said that he was shot in the shoulder and rushed to the Knin hospital, where he will receive treatment. He is in stable condition.

The same source says that armed skirmishes are under way in the Croatian populated village of Vuksic and the village of Kolarina, which 60 Serbian families have fled.

It is obvious that a difficult and tense night is falling on the Benkovac municipality, even more so because MUP forces and units of the Croatian National Guard have landed in the village of Posedarje, the Benkovac information center revealed. The forces came from the direction of Zadar.

Zagreb Radio Details Overnight Fighting in Dalj

LD0108063391 Zagreb Radio Croatia Network in Serbo-Croatian 0600 GMT 1 Aug 91

[Text] Clashes have been going on since early this morning in the town of Dalj, where overnight police patrols [of Croatian Internal Affairs Ministry] and terrorists exchanged fire. One terrorist was killed and three fled. After this the Dalj water supply installations came under fire from the Lovac farm, which three weeks ago was taken over and ransacked by terrorists. At 0530 [0330 GMT] the village of Marinovci near Dalj came under fire from the direction of Bijelo Brdo. At the same time an attack was launched from the same location on the police station in Dalj.

The situation in Dalj is serious, and we have no further details about the scale of the clashes there. In order to prevent catastrophic consequences, in agreement with the Osijek police authorities, an Army unit will be sent to the scene of the incident.

Briefing on Sibenik 30 Jul Incident

LD3107162591 Belgrade TANJUG Domestic Service in Serbo-Croatian 1519 GMT 31 Jul 91

[Text] Split, 31 Jul (TANJUG)—Journalists were informed at today's news conference of the Croatian Ministry of Internal Affairs and the national guard in Sibenik about yesterday's mortar attack on the village of Rupe in the northern corner of the Zagroje part of the Sibenik municipality, above Skradin.

In the attack, which lasted around one hour, several houses, a transformer station, and the local vicarage were destroyed, but there were no casualties. Immediately after the first missile, contact was established with the commander of the Knin corps, General Spiro Nikovic, at whose mediation the attack on the village of Rupe stopped. However, during the negotiations, "the terrorists" fired four missiles on the village of Dubravice, but fortunately, there were no casualties there either.

The cease-fire, which was organized by General Nikovic, was violated by "the terrorists" at around 2200 by firing at the village of Icevo, and on this occasion one member of the Ministry of Internal Affairs was wounded in Sibenik, it was said at the news conference.

It was especially emphasized that "the enemy side has been waging an intense propaganda war, in the last few days, through newspapers and pamphlets, in conjunction with the League of Communist-Movement for Yugoslavia [Savez Komunista-Pokret za Juguslaviju]. Thus, Sibenik has been receiving their letters, newspapers, and similiar propaganda material, through which they are trying to impose their side of the story on the events in this area and Croatia," it was said today at the news conference in Sibenik.

Guard in Kostajnica Reportedly Refusing Orders

AU3107203191 Belgrade Radio Belgrade Network in Serbo-Croatian 2000 GMT 31 Jul 91

[Dragan Bera report]

[Text] Following strong mortar fire with which they were showered by the forces of the Serbian Autonomous Region of Krajina, members of the Croatian Guard today left Kostajnica in disorder. They retreated in a panic. We have learned from well-informed sources that there is discord in the Croat army and that orders are being refused.

However, late this afternoon, members of the Croat Guard somehow managed to (?close their) ranks near Dubica and Jasenovac. We have also learned that they were met there by the strong forces of the Ministry of Internal Affairs of Croatia which, threatening them with death, ordered them to take new positions.

While we are reporting, Kostajnica is an empty city of no man's land, because the forces of the Serbian Autonomous Region did not enter. Whether the Yugoslav People's Army will enter remains to be seen.

This is a loss of territory for the Croatian army despite the fact that about 2,500 Croatian (?soldiers) were stationed here.

There is another version of what happened in Kostajnica today, a very logical version. Well-informed people claim that the latest rebel attacks on Banija have shaken the Croatian army in Sisak itself. The Croats could not control or defend such a wide area and have now concentrated all their forces on the defense of the Banija center. It is suspected that entire Kostajnica has been mined, which is hindering all activities.

Police Seize Malisevo, Glogovac Assemblies

AU3107143891 Zagreb Radio Croatia in Albanian 2050 GMT 30 Jul 91

[Text] Police forces seized the communal assemblies in Malisevo and Glogovac today, communes in which the population is 99 percent Albanian. As part of these measures, Albanian officials were dismissed and Serbs appointed in their places. The forced seizure of the communal assemblies is against the interests of the local inhabitants and the decisions adopted by the deputies of the Republic of Kosovo. Their purpose is clearly to exclude Albanians from the course of normal life.

Army's Knin Corps Restores Skradin Peace

LD3107154291 Belgrade TANJUG Domestic Service in Serbo-Croatian 1323 GMT 31 Jul 91

[Excerpt] Knin, 31 Jul (TANJUG)—With a great effort, and at the risk of their own lives, members of the Yugoslav People's Army Knin corps at about midnight last night managed to establish some sort of peace in the villages in the wider Skradin hinterland area. This was said today during a news conference in the Knin corps.

"We did not protect the Chetniks, as Croatian TV reported this morning, but we did prevent an interethnic conflict," said Colonel Mesud Hasotic. He stressed that the cease-fire will endure "if both sides comply with the agreement." He emphasized that in this agreement an important role was played by the public security stations in Knin and the police administration in Sibenik. Cooperation with them is correct, Colonel Hasotic stressed.

Colonel Ratko Mladic made it clear during the Knin corps news conference today that "it was precisely due to the corps members that the warring sides—the defenders of Serbian villages and the Croatian Ministry of Internal Affairs and Croatian national guard corps forces—were separated". It is difficult to say how long this relative peace will last because on both sides there are people

who want to wage a private war. These individuals, he stressed, are under no one's control. [passage omitted]

Three Explosions Reported in Titov Veles

LD3107125191 Belgrade TANJUG Domestic Service in Serbo-Croatian 1154 GMT 31 Jul 91

[Text] Titov Veles, 31 Jul (TANJUG)—Around 0240 this morning an explosive device was thrown through the window into the hall of the Yugoslav People's Army club in Titov Veles. There were no casualties, but the explosion left a few tables and chairs broken, the ceiling and the entrance door damaged.

Almost at the same time two explosions occurred in front of houses belonging to two local businesmen. They did not cause any material damage, but caused disquiet among inhabitants living in the neighboring area.

Inhabitants of Titov Veles have condemned this act by not as yet indentified perpetrators, and are particularly indignant about the fact that soldiers who were on duty in the Yugoslav People's Army club at that time could have perished.

Investigating bodies immediately visited the spot and an official statement is expected to be issued today.

Patrol Fired on Between Marinci, Bogdanovci

LD3107114991 Zagreb Radio Croatia Network in Serbo-Croatian 1000 GMT 31 Jul 91

[Andjelko Pernincic report from Vinkovci]

[Text] The information center has announced that along the Marinci-Bogdanovci section of the newly opened Vinkovci-Vukovar road which passes villages whose population is not known to be in favor of terrorist behavior, a police patrol was fired at 10 times last night. Fortunately, the shots did not hit the target this time.

Overnight military trucks were spotted driving from the Vojvodina town of Sid to the terrorist center of Mirkovci, the first village southeast of Vinkovci, and back. It was also reported that from the direction of Sid two army and two civilian trucks arrived in Orolik, a village with a majority Serbian population, situated along the road from Mirkovci toward Sid. It has been learned that the trucks brought reservists and weapons and took back a large amount of newly harvested wheat.

Serbia

Zelenovic To Announce Government Reshuffle

AU3107134691 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 31 Jul 91

[Milorad Jovic report]

[Text] Serbian Prime Minister Dragutin Zelenovic briefed Serbian Assembly deputies on what the government has done so far on the realization of the program endorsed by the Assembly a few months ago. We will hear the full speech by Premier Zelenovic on the first program of Belgrade Radio at the end of the newscast.

As expected, Zelenovic will announce the members of the new reshuffled government. As we have unofficially learned, Budimir Kosutic will be proposed as vice prime minister for the system and administration. General Tomislav Simovic will be proposed as defense minister; Vladimir Jovanovic as minister for relations with other countries; Ratomir Vico as information minister; Dr. Pavle Todorovic as ecology minister; Branka Jeftic as minister for labor and social policy; Miodrag (?Perisic) as minister for culture; Danilo Z. Markovic as education minister, and Dragan [second name indistinct] as minister for sports and physical education.

That is all from the Serbian Assembly for now.

Opposition Influence on Reshuffle Noted

LD3107204591 Belgrade TANJUG in English 1832 GMT 31 Jul 91

[Text] Belgrade, July 31 (TANJUG)—The Assembly of the Yugoslav Republic of Serbia today adopted by majority vote the proposal of republican Premier Dragutin Zelenovic for a reshuffle of his cabinet.

The new appointments include seven ministers and vice premier in charge of international cooperation and the legal system. The new vice premier is Budimir Kosutic, professor at the Belgrade Law School.

The ruling Socialist Party of Serbia (SPS) rejected a proposal of the most influential section of the Serbian opposition for forming a national unity government.

Instead of a radical move demanded by the Serbian Renewal Movement and the Democratic Party, the SPS last week announced a reshuffle of the Zelenovic government.

In protest, the two leading opposition parties on July 23 declared a boycott of the legislative work of the republican parliament and government.

Vice Premier in Charge of the Economy Velimir Radivojevic, and the ministers of culture, labour and education—Radomir Saranovic, Branka Jesic and Dimitrije Dimitrijevic, respectively—resigned earlier from the government formed in early February.

Interior Minister Radmilo Bogdanovic has been replaced at the request of the opposition, who blamed him for the tragic outcome of March 9 opposition demonstrations in Belgrade, in which one secondary school student and one policeman were killed. Bogdanovic was replaced by SPS Deputy Zoran Sokolovic.

At Zelenovic's proposal, the ministers for national defence, foreign affairs, and youth and sports—Admiral Miodrag Jokic, Branko Mikasinovic and Goran Trivan—were relieved of office.

The new defence minister is General Tomislav Simovic, until now commander of the Third Army District headquartered in Skopje.

Vladimir Jovanovic, ambassador at the Federal Foreign Secretariat, is the new republican foreign minister.

Dragan Kicanovic, long-time member of the Yugoslav national basketball team, took over as the sports minister.

Branka Jesic was reappointed labour minister, and Danilo Markovic, professor at the Belgrade School of Political Sciences, became the new minister of education.

Two new ministries were formed—for information and the environment. They are headed by Ratomir Vico, current director of Belgrade Radio and Television, and Pavle Todorovic from the Belgrade Medical School.

Zelenovic said the post of vice premier for the economy was still vacant.

"With the current reshuffle, the government of Serbia has 25 members, four of whom do not belong to any party, while the rest are members of the SPS", he explained.

"When preparing the cabinet reshuffle, we invited all opposition parties to cooperate. The invitation was turned down with the explanation that they are not interested in a government headed by a member of the Socialist Party", said Zelenovic.

Serbian Law on Media Reported

LD3107203991 Belgrade TANJUG in English 1839 GMT 31 Jul 91

[Text] Belgrade, July 31 (TANJUG)—The Assembly of the Yugoslav Republic of Serbia today adopted a law under which radio and television centers in Belgrade, Novi Sad and Pristina will merge to form a single public company as of January 1, 1992.

Novi Sad and Pristina are the capitals of Serbia's two provinces - Vojvodina, and Kosovo and Metohija, respectively.

Under the new law, the social property of these TV stations should first become state-owned, and then they should be transformed into stock-holders and mixed companies. One of the new possibilities provided in the law is that private persons can also found local and regional stations in the territory of Serbia.

The special session of the Serbian assembly closed today, and the next regular session will begin on October 1st.

Assembly President Aleksandar Bakocevic announced that he would call a special session "in case the situation deteriorates in Yugoslavia," as he said.

Serbian Prime Minister Dragutin Zelenovic held a press conference in the Assembly after the deputies adopted his proposal for the reconstruction of the government. He underscored that the government would "continue the realization of its program" adopted in February.

Asked whether Serbia would open its own embassies, Zelenovic explained that "the development of Serbian working groups is underway, at first in Washington, Paris, London and Moscow."

These centers will deal in the exchange of news and information, and if Yugoslavia ceases to exist, they will become embassies, Zelenovic said.

Political Problems Among Writers Noted

LD3107223991 Belgrade TANJUG in English 1031 GMT 31 Jul 91

[Text] Belgrade, July 31 (TANJUG)—Leader of Serbia's strongest parliamentary opposition party and publicist Vuk Draskovic has sharply attacked political stands backed by Dobrica Cosic, one of the leading writers and national ideologists of Serbia.

Draskovic, president of the Serbian Renewal Movement (SPO), addresses an open letter to Cosic which is published in today's press. The letter reacts to Cosic's lengthy interview carried on the front page of Belgrade POLITIKA daily last weekend.

The SPO leader criticizes Cosic for what he finds is his support to the ruling Socialist Party of Serbia (SPS) and President of the Republic Slobodan Milosevic.

"What has befallen Serbia," writes Draskovic, "when its foremost writer plays a town-crier who calls to the scaffold."

Cosic,in his interview, stated that in the time of "war against Serbian people in Croatia... ideological and pacifist rhetoric is meaningless" and "such a defence of Yugoslavia is futile just as it is neither patriotic nor democratic any longer."

Draskovic, whose SPO is held to be a party of outspoken national determination, says: "Defying the fall of communism and trying to defer as much as possible its (communism's) and consequently their own end, the authorities in Serbia bait their hook: nation first, democracy later."

Draskovic asserts that the "national happiness of Serbs and Croats today does not lie in the monolithic nature, unity and psychology of the sheep-fold," but "salvation" can be reached solely "if we (Serbs) just as Croats are as much disunited and disobedient as possible, and rebellious against the current regimes."

In appraising that "vulgarity and hatred are growing into the pillars of patriotism, and stupidity into a measure of prudence," Draskovic writes that "such nationalism of Serbian communists, Bolshevik-like in its form and contents" has been "most welcomed by the similarly vulgar and poor devils" in Croatia, Slovenia and elsewhere in Yugoslavia.

Draskovic stresses that now on the stage in Serbia and Croatia there are "ill ambitions and narrow minds" and concludes that "once this war is over, the Serbs and the Croats will have to fix their mutual boundaries."

Serbian Volunteer Camp Disarmed

LD3107190591 Belgrade TANJUG Domestic Service in Serbo-Croatian 1804 GMT 31 Jul 91

[Text] Belgrade, 31 Jul (TANJUG)—The Novi Sad garrison today disarmed a volunteers' camp made up of 250 to 450 people, mostly refugees from Glina and Kninska Krajina. Volunteer units gave themselves up without resistance and the army personnel confiscated all their equipment, from tents to arms. The unit was correctly registered with the Serbian territorial defense.

This information was announced at today's news conference in the Serbian Assembly by a deputy of the People's Party [Narodna Stranka], Milan Paroski.

Paroski requested an audience with the president of the republic regarding the disarming of the camp on the Tisa.

Military Forces Surround Kosovo Village

AU3107143791 Zagreb Radio Croatia in Albanian 2050 GMT 30 Jul 91

[Text] The Pristina Council for the Defense of Human Rights and Freedoms informed us a short time ago that the village of Krusheve near Skenderaj [Srbica] was surrounded by large military forces at about 1830 [1630 GMT]. There are many armored vehicles stationed on all four sides of the villages. People are being prevented from entering the village, but those who wish to leave it may do so.

Montenegro

President Rejects Talks With Slovenia

LD3107141491 Belgrade TANJUG in English 1303 GMT 31 Jul 91

[Text] Ljubljana, July 31 (TANJUG)—Yugoslav Republic of Montenegro Presidency President Momir Bulatovic has not accepted an initiative for a delegation of the Yugoslav Republic of Slovenia to visit Montenegro to discuss the possibilities of a peaceful solution to the Yugoslav crisis.

Bulatovic informed in writing Slovenian Presidency President Milan Kucan that all questions emerging from Slovenia's 'dissociation' from Yugoslavia 'should be settled in the Yugoslav Presidency, the federal parliament and federal government,' and not through bilateral contacts, as Kucan's office announced today.

Bulatovic in the message lent support to 'Slovenia's efforts for peace ... and the creation of conditions for a normal life in Yugoslavia.' However, he said that the efforts were 'opposite to the moves' which Slovenia 'continued to make unilaterally in terms of the federal legislation, federal organs and the other Yugoslav republics.'

The Slovenia Assembly withdrew its representatives from the federal parliament after it had adopted a unilateral act on Slovenia's seccession from Yugoslavia.

Bosnia-Hercegovina

Izetbegovic Opposes MBO's Serb-Muslim Agreement

AU3107182691 Sarajevo Radio Sarajevo Network in Serbo-Croatian 1700 GMT 31 Jul 91

[Text] We want harmony and peace with Serbs in Bosnia-Hercegovina and Yugoslavia, but not an agreement between the two nations (?behind the back of the third nation). This was stated in a communique of the Party of Democratic Action in connection with the initiative of the leaders of the Muslim Bosniak Organization, [Adil] Zulfikarpasic and [Muhamed] Filipovic, for the so-called historic agreement between Serbs and Muslims.

There will be no (?peaceful) and stable Bosnia-Hercegovina without the full consent of the three peoples, nor will there be a Yugoslavia, as we see it, without Serbia and Croatia. The constitutional-legal framework that has been offered in the draft of the so-called historic agreement envisages, however, a federation of an earlier type, a federation whose core would comprise Serbia and Montenegro, and according to the proposer, Bosnia-Hercegovina. This was stated in the communique of the Party of Democratic Action at a news conference in the party's (?headquarters) today.

The news conference was attended by Party President Alija Izetbegovic who sharply opposed any kind of agreement [words indistinct]. Bosnia-Hercegovina is standing on three legs. Without one, [words indistinct], said Izetbegovic stressing that the Party of Democratic Action will not and should not interfere in the (?current) Serbian-Croat dispute, unless it can act as a factor of reconciliation. By supporting one or the other side we will not help them nor us. This was stated by the President of the Party of Democratic Action, Alija Izetbegovic.

Talks Possible on Muslim-Serbian Accord

LD3107140691 Belgrade TANJUG in English 1300 GMT 31 Jul 91

[Text] Sarajevo, July 31 (TANJUG)—Moslems and Serbs in the Yugoslav republic of Bosnia-Hercegovina might soon sign a historic agreement concerning the character and status of the republic within Yugoslavia.

Leader of the opposition Moslem-Bosnian Organization (MBO) Adil Zulfikarpasic, who initiated the talks on the agreement, said his party was ready to "give priority to Yugoslavia as a state community over an aggregate sovereignty of all constituent republics."

The MBO earlier called fcor a confederal organization of Yugoslavia.

Under a draft agreement, made on July 24, "Moslems and Serbs call for the preservation of Yugoslavia as a single state" and for a "whole and indivisible" Bosnia-Hercegovina within Yugoslavia.

Leaders of the Serbian Democratic Party (SDS) in Bosnia-Hercegovina see as the most important part of the agreement an item under which Moslems "would not condition their staying in Yugoslavia by that of the Yugoslav republics of Croatia and Slovenia."

The SDS, together with the Party of Democratic Action (SDA) rallying Moslems and the Croatian Democratic Union (HDZ), is in power in Bosnia-Hercegovina.

Commenting the importance of the Moslem-Serbian agreement, SDS President Radovan Karadzic said Serbs "would do their utmost for the sake of the republic's integrity, in case Bosnia-Hercegovina remains in the federal state of Yugoslavia."

Croatian President Franjo Tudjman said in an interview to the British daily THE TIMES recently that the "division of Bosnia- Hercegovina would be the best solution to the Yugoslav crisis."

Bosnia-Hercegovina President and SDA leader Alija Izetbegovic said "no agreements existed yet." Talks are underway and the SDA "insists" that representatives of the Croatian people in Bosnia- hercegovina be included in the talks, as Izetbegovic set out.

Leader of the HDZ for Bosnia-Hercegovina Stjepan Kljujic yesterday said Croats in Bosnia-Hercegovina would organize an uprising "if a four-member federation was forcibly created." The HDZ accepts only the creation of a Yugoslav confederation.

Negative reactions were voiced also by Vice-President of the Socialist Democratic Party and former Communist Ivo Komsic.

The Democratic Federalists' Party in Bosnia-Hercegovina supported the signing of the agreement, and several other parties said they would "strengthen" it.

Departure of Bosnia Jul Recruits Postponed

LD3107191991 Belgrade TANJUG Domestic Service in Serbo-Croatian 1735 GMT 31 Jul 91

[Text] Sarajevo, 31 Jul (TANJUG)—Assessing the overall political and security situation in the country, as well as the recommendations of the Bosnia-Hercegovina Assembly, the Presidency of this republic decided at today's session, chaired by Alija Izetbegovic, that the departure of the July batch of recruits—who were supposed to do their military service in army units outside the territory of Bosnia-Hercegovina—be postponed by seven days, i.e. until 9 August. The announcement was made by the Presidency's information service today. After the expiry of the first deadline, the Presidency will once again examine this issue and make a decision.

Biljana Plavsic and Nikola Koljevic opposed this decision.

Presidency member Ejup Ganic, the announcement reads, briefed the Presidency members on the proposal of the platform of Bosnia- Hercegovina and on the future organization of the Yugoslav community. After its adoption in the Bosnia-Hercegovina Presidency, the platform will be submitted to the assembly of this republic.

Macedonia

Assembly Discusses National Situation

AU3107165291 Belgrade Radio Belgrade Network in Serbo-Croatian 1300 GMT 31 Jul 91

[Boris Djordjioski report from Skopje]

[Announcer] The Macedonian Assembly is discussing the national situation. Peace in Macedonia is threatened from outside, but also from inside by the great Albanian nationalism. The fear of calling a referendum for Macedonia's independence and autonomy has been voiced, because the outcome of the decision of the peoples of this republic is uncertain. One of the characteristics of the discussion is that the deputies are trying to show who is a greater Macedonian and who does not care about the interests of Macedonia.

[Djordjioski] Peace in Macedonia could be threatened by the individual militant circles in the country that want to transfer armed conflicts to this area, threaten security, and destabilize the republic. These were the words of Blaze Ristovski, Macedonian vice president, who was fairly vague in most of his expose, when he spoke about (?some such) circles. However, he was very precise in pointing out the danger of the great Serbian hegemony.

He also said that [Milan] Martic's militiamen have persistently been trying to buy a large quantity of hail control rockets [protiv gradna raketa] in Skopje that could also be used for military purposes. Ristovski also

spoke about the danger posed by the League of Communists-Movement for Yugoslavia, which is expressed in their demand for creating a parallel government and forming paramilitary formations. He did not mention the same demand made by the VMRO-Macedonian National Party that this party should also arm itself. The danger of great Albanian nationalism to Macedonia has been revealed in the demand made to the Macedonian Assembly for the Albanians' right to autonomy.

Vasil Tupurkovski, member of the SFRY Presidency, emphasized that war euphoria and preparations for war were evident in the country. There are more than 200,000 armed people outside the formations of the Yugoslav Peoples' Army [YPA], and it would be wrong to claim that the return of the YPA to the barracks would mark the end of hostilities. The withdrawal of all armed groups is a condition for peace negotiations to begin. Tupurkovski's (?endeavor) for a relative stabilization of the situation in the YPA in fact provoked polemics in the assembly and many questions. Tupurkovski answered that the disintegration of the Yugoslav Peoples' Army and the formation of the republican armies in the present chaotic situation in Yugoslavia would lead immediately to war.

Answering the question as to why he voted for Branko Kostic as president of the Presidency's commission yesterday, Tupurkovski pointed out that all members of the SFRY Presidency are equal, that (?he behaved) in a principled way, even though games are being played in the SFRY Presidency, (?games behind the scene). He was of the opinion that Mesic's departure from the Presidency's session yesterday was not the way to prevent these games.

Tupurkovski was mostly (?questioned) by the VMRO whose [word indistinct] deputies strive for the creation the National Macedonian Guard and the activation of the territorial defense. An obvious fear of calling a referendum for the independence and autonomy of Macedonia was also present in the discussion because, as they say, it is unforeseeable what decision will be reached at the referendum by the Macedonian people.

Assembly Leaders View Current Crisis

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[Excerpt] Skopje, 31 Jul (TANJUG)—The Macedonian Assembly which has been in so-called permanent session since last Friday continued the session today with a discussion on the current political-security situation in the republic and the country. Blaze Ristevski, vice president of the Macedonian government, spoke about this. He said that the armed conflicts in individual republics, especially now in Croatia as well as the tendencies of certain militant groups to spread these conflicts into the territories of other republics should be recognized as serious factors in endangering the security situation and destabilizing the Republic of Macedonia. The tendencies which are encouraged by the hegemonistic ambitions of certain national leaders have been threatening for a long time to draw the country into the situation of all-out civil war. Not even in a single instance can the Republic of Macedonia be linked with these negative processes, Ristevski said, but the attempts to draw Macedonia into destabilising processes and to use its territory for implementation of militant goals, have been increasingly more frequent lately.

Blaze Ristevski mentioned the case of certain members of Martic's police who persistently tried to acquire large quanties of anti-hail missiles from a factory in Skopje, as well as the activities of certain Serbian nationalist parties which ave been encouraging the formation of paramilitary armed units for a long time.

The mass reactions and revolt of the citizens of Macedonia with regard to the implemented mobilization of Yugoslav People's Army [YPA] reservists and the cases of incorrect relationship of the officers toward them have been a particular problem, and have been creating great difficulties for the government and the Ministry for Internal Affairs in securing public order and peace. The vice president of the Macedonian government added that the impaired intra-national relations, especially in the west of Macedonia, represent a potential factor for destabilization of the republic.

A member of the SFRY Presidency, Vasil Tupurkovski, talked about the current political and security situation in the country. He warned that current conflicts cannot be limited to certain areas, but can develop into all-out war. He substantiated his claim by citing an increasing number of casualties and the fact that people are becoming used to this.

There is an increasing number of spontaneous clashes; arms are being imported without any hindrance; the will to prevent conflicts is waning, which can be seen from the fact that it is impossible to implement the agreed ceasefire. Yesterday's Presidency session, at which a decision on the implementation of the ceasefire was postponed, must be viewed in this light, Tupurkovski said. There are many more arguments to support the claim that this is the advent of the state of chaos; our serious partners are increasingly convinced that a peaceful disintegration of Yugoslavia is impossible.

Talking about the status of the YPA, Tupurkovski said that it is unacceptable that the Army should play a political role, although under the current balance of power, it was decided to deploy the Army in precisely this role. The army has become the target of negative attitudes, and now we cannot discuss how to adapt the Army to the real situation in the country and in accordance with citizens' interests. The Army presence in crisis areas is exceptionally delicate.

International dimension is a part of the overall security situation, Tupurkovski said.

"We are constantly changing our international position, not just because internationalization of the overall situation in Yugoslavia, but also because geostrategic priorities regarding Yugoslavia have been re-assessed, and, hence, our foreign policy priorities are now in jeopardy."

The central issue is cessation of hostilities, Tupurkovski said. This process should be followed by demilitarization of society, disengagement [deangazman] of the armed forces, demobilization of the armed forces in the republics, withdrawal of troops to barracks, and an agreement on the defense strategy in the future system.

The negotiations, Tupurkovski believes, must continue at all cost. Future relations must be put on the agenda, and the urgency to achieve an agreement on a federation of sovereign states is greater than ever before.

A sovereign and independent Macedonia is a prerequisite for this republic's equal status in the federation of sovereign states. Macedonia will participate with good intentions in all processes. However, it will be prepared not only for all implications, but also for all options.

Speaking from the aspect of the political and security situation in the republic, Tupurkovski said that Macedonia is faced with a historic situation, and that the question of war and peace in Yugoslavia was of primary importance for this republic, first and foremost because a war on all fronts would be a war for the territorial reorganization of the country and for the resurgence of various claims to Macedonia. In conclusion, Tupurkovski spoke of the development of a democratic Macedonia which would not be a threat to anybody's interests, but capable of securing and defending its own vital interests by itself. [passage omitted]